

FINANCIAL TIMES

Chinese defence
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In search of the greener car
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US and Iran
Politics at odds with trade
Page 6

Boeing awarded \$1.2bn SAS deal for new aircraft

Scandinavian Airlines System announced an order for up to 70 Boeing medium-range aircraft to renew its fleet. The order is a setback for McDonnell Douglas, SAS's preferred supplier in the past. SAS has a firm order for 35 Boeing 737-600 aircraft worth \$553.5m (\$1.22bn) and options for 35 more over the next decade. Page 14

Procter & Gamble chief to retire US consumer products manufacturer, Procter & Gamble, announced that Mr Edwin Artzt, chairman and chief executive for the last five years, would retire on July 1 after 41 years with the company. Page 15

Magistrate questions Alcatraz chairman Alcatraz chairman, Pierre Suard (left), was questioned for four hours by a Paris magistrate who has placed him under investigation for fraud and blocked him from working for the company. The lawyer for Mr Suard said he had not been presented with any new charges by Mr Jean-Marie D'Huy in a case involving alleged overbilling of France Telecom. Page 2

Carmakers plan \$400m UK investment Three of the world's biggest carmakers, Toyota, Honda and Ford, are planning significant new models and production increases in the UK, with about \$400m (\$650m) of new investments. Page 14

Indian economy grows by 5% India's economy grew by 5.3 per cent in 1994-95, while the government is on target to cut the fiscal deficit to 6 per cent of gross domestic product, according to the finance ministry's annual economic survey. Page 4

Treasury to bail out Italian bank The Italian treasury is to transfer assets to Banco di Napoli, one of Italy's oldest and largest banks, to help the bank cover record losses of L595bn (\$595m). Page 15

Crédit Lyonnais rescue favoured European competition commissioner, Karel Van Miert, appeared to indicate tentative support for a second French government rescue of Crédit Lyonnais, the troubled state-owned bank. Page 3

Argentina's \$6.7bn rescue Argentina has unveiled a \$6.7bn financing package, including \$2bn of loans from the IMF, in an effort to overcome the financial crisis unleashed by Mexico's devaluation. Page 5

Election push in Bangladesh Opposition parties in Bangladesh are to mount a blockade of the capital, Dhaka, in the hope of forcing the government of Mr Khaleda Zia to step down. Page 4

Philippines seeks European investment President Fidel Ramos of the Philippines spoke out a strategy of liberalising trade and foreign investment, in a bid to attract European investors. Page 7

German groups lift dividends BASF and Bayer, two of Germany's leading chemicals groups yesterday followed the example of rival Hoechst by announcing plans to pay higher dividends in response to a sharp rise in profits. Page 16

Japanese deregulation disappoints Japan's leading trade partners voiced disappointment at the draft of a plan to trim official regulations protecting swathes of the economy from imports. Page 7

Sotheby's builds on profits Profits from Sotheby's, the auction house, financial services and real estate group, continued their recovery in 1994, with net income up from \$19.3m to \$20.3m. Page 18

Syria and Israel to resume talks US secretary of state Warren Christopher announced a breakthrough in the faltering Middle East peace process with the agreement of Syria and Israel to resume military talks in Washington. Page 6

Deutsche favourite in Indonesia Deutsche Telekom, the state-owned German operator, may be close to beating several international rivals for a 25 per cent stake in Satelit Palapa Indonesia (Satelindo), the telecommunications company. Page 20

Former Nigerian leader missing Aides of former Nigerian military ruler General Abacha Obasanjo, arrested this week after authorities said they uncovered a coup plot, said they had lost contact with him.

British soccer stars arrested Five people, including top British Premier League soccer players Bruce Grobbelaar, Hans Segers and John Fashanu, were arrested by police investigating allegations of match fixing.

STOCK MARKET INDICES
New York: Dow Jones 4,053.94 (+23.71)
NASDAQ Composite 308.74 (+1.43)
London: FTSE 100 2,945.02 (+23.82)
Hankow: S&P 500 1,045.02 (+23.82)

US LUNTIME RATES
Federal Funds 5.25%
3-month Treasury Bill 5.511%
Long Bond 7.02%
Yield 7.35%

OTHER RATES
UK 3-month bank rate 6.5% (same)
UK 10 yr Gilt 10.0% (10.0%)
France 10 yr DAT 9.25% (9.25%)
Germany 10 yr Bund 10.0% (10.0%)
Japan 10 yr JGB 10.0% (10.0%)

NORTH SEA OIL (Argus)
Brent 15-day (May) \$16.45 (16.51)
Takes date: Y 98.5

ASIAN STOCKS
Asia: Nikkei 12,100.00 (+100.00)
Hong Kong: Hang Seng 10,000.00 (+100.00)
Singapore: S&P 500 1,045.02 (+23.82)
London: FTSE 100 2,945.02 (+23.82)
Hankow: S&P 500 1,045.02 (+23.82)

EUROPEAN STOCKS
Europe: DAX 3,000.00 (+100.00)
France: CAC 40 2,945.02 (+23.82)
Germany: DAX 3,000.00 (+100.00)
Japan: Nikkei 12,100.00 (+100.00)
UK: FTSE 100 2,945.02 (+23.82)

Clinton moves to block \$1bn Iran deal with Conoco

By George Graham in Washington

President Bill Clinton yesterday moved to block a \$1bn deal between Iran and Conoco, the oil company owned by the US's Du Pont group, to develop two oil and gas fields in the Gulf. Mr Clinton said he would issue an executive order prohibiting all US contracts for the financing, management or development of Iran's petroleum resources - a step intended to block the deal signed by Conoco's Dutch subsidiary. The executive order will be the

toughest measure the Clinton administration has yet taken to step up pressure on Iran, which it accuses of supporting international terrorism, working to undermine the Middle East peace process and trying to develop nuclear and chemical weapons. "We need to send a clear and unequivocal message to Iran: there cannot be normal relations until Iran's unacceptable behaviour changes," a White House statement said. Conoco's deal with the National Iranian Oil Company to develop the Sirri A and E fields at the entrance to the Straits of

Hormuz was the first significant contract signed by a US oil company with Iran since the overthrow of Shah Reza Pahlavi in 1979, although US oil companies buy an estimated 800,000 barrels a day of Iranian crude - roughly a quarter of Iran's total output. After President Clinton's announcement Conoco said it would not proceed with the deal. US law bars the import of that oil into the US, but US companies may sell it in other markets. The White House and the State Department said last week Conoco's deal was not illegal, but did run against "the general thrust

of our policy, which is designed to bring pressure to bear on Iran". Both the administration and Congress have been considering ways of increasing Iran's economic isolation, as part of a strategy of "dual containment" designed to prevent both Iraq and Iran from upsetting the volatile Middle East region. Senator Alfonse D'Amato has proposed a bill to stop US oil companies from buying Iranian crude, while Congressman Newt Gingrich, Speaker of the House of Representatives, said last month that a strategy designed to force

the replacement of the current Iranian government was "the only long range solution that makes any sense". The row over the Conoco deal follows US efforts to dissuade Russia from selling a nuclear reactor to Iran and Pentagon concerns over the positioning of Iranian missiles and troops on islands in the Hormuz Straits. The US has criticised countries such as France, Germany and Japan for financing contracts with Iran through their export credit agencies, but there is little international support for a more comprehensive embargo against

Tehran. In fact, some countries may take steps to prevent companies under their jurisdiction from complying with the latest US restrictions, as they have in response to US attempts to stiffen its embargo against Cuba. US officials said Conoco had been very co-operative over yesterday's decision. The Houston Chronicle reported that Conoco executives had asked the White House to issue the executive order to provide them with a way to withdraw from the contract. White House nips Iran oil trade in the bud, Page 6

Slowing growth in US may delay interest rate rise

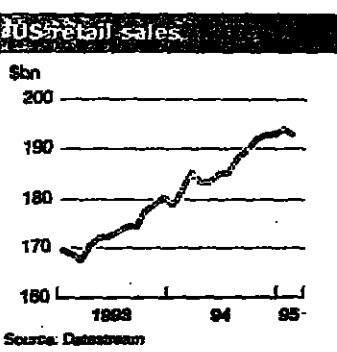
By Michael Prowse in Washington

US share and bond prices rose strongly yesterday as fresh signs of slower US growth increased expectations that the Federal Reserve would not raise interest rates for several months. By early afternoon the Dow Jones Industrial Average was up 29.40 at 4,054.63. The benchmark 30-year long bond gained a full point to yield 7.35 per cent. Analysts were surprised by official figures showing a 0.5 per cent drop in retail sales between January and February, the first decline in nearly a year. Markets had expected a gain of about 0.2 per cent.

Separate data underlined the weakness of the balance of payments - one of the causes of the dollar's fragility. The current account deficit, the broadest measure of foreign trade, rose nearly 50 per cent last year to \$155.67bn, in cash terms the second highest figure on record.

Mr Mickey Levy, chief financial economist at NationsBank in New York, said the sales figures implied a deceleration in economic growth to just over 2 per cent last year against 4 per cent last year. "The next Fed move will be an easing," he predicted, although it would not come until near the year end. Other analysts, however, noted that recent data had been mixed. The unemployment rate fell back to 5.4 per cent last month and factory orders remain robust.

The "strong growth" camp argues that the current slowdown of consumer spending is



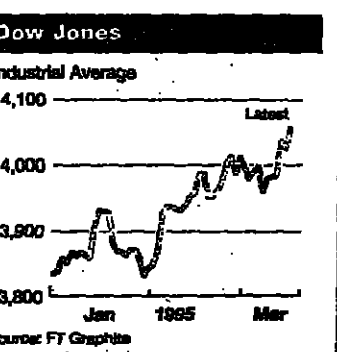
simply a continuation of the "saw-tooth" pattern of growth which has been evident since 1991.

On this view, spending will pick up again within a few months, forcing the Fed to raise short-term rates again. However, few analysts expect the Fed to raise rates at its policy meeting at the end of this month, unless data for producer and consumer prices today and tomorrow show upward pressure on inflation.

The increase in the current account deficit mainly reflected faster growth of domestic demand in the US than in its trading partners, a factor that should begin to reverse later this year.

However, the figures also showed the first annual deficit on investment income since the series began in 1960. This is an ominous reflection on the US's shift in the 1980s from net creditor to net debtor status.

The data are not adjusted for inflation which is running at just under 3 per cent.



Philip Coggan, Markets Editor, writes: The fall in retail sales cheered equity and bond markets around the world. Government bond prices were strong on both sides of the Atlantic.

In the UK, gilts rose by a point, and French government bonds were around 1/4 points higher. German and Italian government bonds were up by around three-quarters of a point.

The bond rally helped inspire share prices to move higher. European equity markets were even stronger, with the French and German markets up by 2-3 per cent. In London, the FTSE 100 index closed 38.8 points ahead at 3,950.6.

In turn, rising US share and bond prices helped the dollar yesterday, with the US currency closing in London almost a yen higher at ¥91.165, from Monday's ¥90.225. Against the D-Mark, it rose to DM1.4136, from Monday's DM1.4053.

Bonds, Page 24
Currencies, Page 25
World stocks, Page 34

Setback for Brussels over EU's 'open skies' battle

By Caroline Southey in Brussels

Mr Neil Kinnock, the European Union transport commissioner, yesterday suffered a setback in his attempts to persuade EU countries to cede authority to Brussels on negotiating far-reaching airline traffic agreements with the US.

Transport ministers from the 15 member states, discussing the so-called "open sky" policy, agreed to examine the market impact of six prospective bilateral deals with the US and to submit a report to their next meeting in June.

The concession from the ministers, a watered down version of two earlier proposals from ministers yesterday, is a far cry from the mandate Mr Kinnock is seeking from council members, particularly Britain, in his attempt to win negotiating rights for the EU.

Mr Kinnock, one of the UK commissioners and a former leader of the opposition Labour

party in Britain, said he did not know how much support there would be for his request for that mandate, which he will formally submit to the council in June. "There is an increasing awareness among member states about the cumulative effect the agreements will have," he said.

He intervened two weeks ago when he wrote to six countries - Belgium, Luxembourg, Austria, Finland, Sweden and Denmark - urging them to desist from further negotiations with the US on "open sky" agreements. He also threatened to take those member states, which rejected his call, to court if they concluded the accords.

Mr Brian Mawhinney, the British transport minister, said a proposal that would have stopped all six deals going ahead, was not only "totally unacceptable, it is not even discussable". He said the UK "strongly disputes the European Commission's legal competence" to seek a negotiating mandate.

Mr Kinnock received strong

backing from France, Germany and Ireland during the debate.

The French presidency said it shared his concerns about the effect the deals would have on the European Union aviation market.

Paris had wanted to see a set of guidelines drawn up which could be used by member states to guide their bilateral negotiations with the US, but this proposal was rejected by other members.

After more than three hours of talks, all 15 transport ministers agreed to ask the community's aviation group, made up of representatives from member states and the commission, to examine the issue and to deliver a report for the June meeting.

"It is a good decision," a commission official said. "The commission was anxious to keep everything in play. This decision does that."

There has been unanimous recognition that the cumulative consequences of the open sky deals could have serious consequences for the EU.



Arafat backs Major on Ulster peace

Palestine Liberation Organisation leader Yasser Arafat (right) yesterday threw his weight behind the attempts by John Major (left), who is visiting Gaza, to reach a political settlement for Northern Ireland.

Meanwhile, the transatlantic rift over Northern Ireland deepened after Mr Major let it be known that he had not been able to take a telephone call from US president Bill Clinton during his Middle East visit. Report, Page 14

Spanish trawlers to resume fishing off Canada

By David White in Madrid, Caroline Southey in Brussels and Bernard Simon in Toronto

The conflict between Canada and the European Union over fishing rights off Newfoundland threatened to escalate yesterday when Spanish trawler owners decided to resume fishing for the disputed stocks of Greenland halibut. Some 17 Spanish vessels were reported to be in the region.

Spain meanwhile said it was taking preparatory steps for imposing visas on Canadian visitors, in retaliation for the seizure of the trawler Estai last week. Foreign ministry officials said, however, it would be several days before procedures were in place.

Mr Brian Tobin, Canada's fisheries minister, yesterday described the Spanish action as "somewhat provocative". He said Canada "will take whatever enforcement measures are necessary", but added that the Spanish vessels appeared to be outside the disputed area known as the Nose and Tail of the Grand Banks, just outside Canada's 200-mile fishing zone.

In Brussels, Sir Leon Brittan, chief EU trade negotiator, and Mr Emma Bonino, EU commissioner for consumer affairs and fish, both restated that normal relations with Canada would

be restored once the Spanish vessels had left the disputed area. Mr Bonino said the EU would continue to work for a peaceful resolution of the dispute.

Continued on Page 14

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NEWS: EUROPE

Greece protests at delay of EU grants

Greece's Socialist prime minister, Mr Andreas Papandreu, has protested to the European Commission over delays in approving two large Greek infrastructure projects that are to be partly funded by EU grants.

Government officials yesterday said Mr Papandreu complained in a telephone conversation last week to Mr Jacques Santer, the Commission president, that procedural issues were blocking the launch of projects worth Ecu2.6bn (€2bn) to construct a new airport for Athens and a bridge across the Corinth Gulf.

In a letter backing his remarks, Mr Papandreu argued that both projects

Kerin Hope reports from Athens on the PM's row over two building contracts

could fall through if the Commission insisted on calling new tenders because of mistakes allegedly made by the Greek government during the bidding process, the officials said.

The contract for the Ecu2bn airport at Spata, currently the biggest infrastructure project in the EU, was awarded last December to a German consortium led by Hochtief, Germany's leading construction group. The Ecu800m contract for a suspension bridge linking Rion and Antirion in western Greece went to the only bidder, an international consortium led by GTM Batiments of France.

The airport decision is being contested by the losing bidder, a French-Greek consortium led by Adorpo de Paris, on the ground that Greece's Socialist government changed the contract terms after it came to power in 1993. Under the revised terms, the

Greek state and not the contractor would hold a controlling stake in a new company set up to build and operate the new airport.

As a result, Hochtief, which was also selected as the preferred bidder by the previous conservative government, would hold a 45 per cent equity stake in the company and would operate the new airport for 30 years.

The bridge project, awarded to GTM almost a year ago, has been delayed by disputes over technical specifications and projections for passenger traffic.

The Greek prime minister's letter

also pointed out that the airport and bridge projects would be set back by at least two years if the agreements with Hochtief and GTM were cancelled, while private sector financing, which would cover about 30 per cent of projected costs, could be withdrawn. Greece is entitled to receive up to Ecu1.6bn in EU grants in the next five years under a package intended to help poorer member-states meet the Maastricht requirements for economic convergence. Grants for the airport and bridge projects would total more than Ecu400m, according to government officials.

Hungary tries to show it means business

By Virginia Marsh in Budapest

Hungary's Socialist-led government has moved decisively to restore confidence in its commitment to market-led reform and to tackling the economy's deep structural problems.

Its 9 per cent devaluation of the forint and radical spending cuts, decided at an extraordinary cabinet meeting on Sunday, represent the most serious effort since the end of communist rule in 1989 to do something about the country's bloated public administration and welfare state.

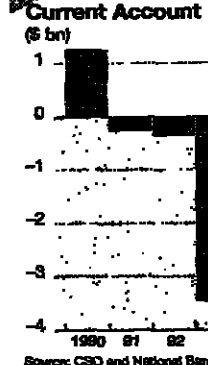
The devaluation - the largest single markdown since January 1991 - comes after a current account deficit last year of \$3.9bn, or 9 per cent of gross domestic product.

The measures - the severity of which was unexpected - follow months of procrastination over reform, a standstill in privatisation, strings of personnel changes in government and the public sector, and a generally unclear economic policy line.

The combination of these

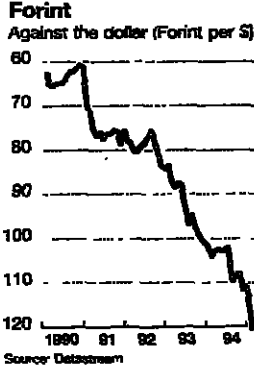
Hungary's woes grow

Current Account



Source: CSO and National Bank of Hungary

Forint



Source: CSO and National Bank of Hungary

factors, as well as the financial crisis in Mexico - whose economy bears some similarity to Hungary's - rocked investor confidence in Hungary which, with more than \$7bn in direct foreign investment, has attracted far more western investment than any other former East bloc state.

The package, which is aimed at restructuring government spending and at making budget cuts of Ft170bn (\$1.4bn)

this year were proposed by Mr Lajos Bokros, finance minister, and Mr Gyorgy Suranyi, central bank governor, two prominent reformers who took office on March 1.

Before joining the government, Mr Bokros and Mr Suranyi, both bankers in their early 40s, called for faster privatisation, a sharp reduction in government and public sector spending and other measures to cut the budget and control

account deficits and prevent the country's \$25bn gross foreign debt from rising further.

"The big question was whether the prime minister [Mr Gyula Horn] and the cabinet would let them move ahead," a western diplomat said yesterday. "The fact that Mr Horn personally announced the measures on television and in parliament is a sign of real commitment."

Analysts say Mr Horn has been convinced of the need for reform by his economic advisers and by the negative response of investors and international financial institutions to the last-minute cancellation in January of the sale of the HungarHotel chain which prompted the resignation of Mr Lajos Bokros, the reformist finance minister. These events helped wipe 20 per cent off the country's fledgling stock exchange in January and led Standard and Poor's to downgrade Hungary's foreign currency debt outlook from "stable" to "negative".

Yesterday, the Budapest stock exchange index rose 14 points, closing at 1,272, its

highest point since January. It rose 46 points on Monday.

The government plans to cut about Ft40bn from this year's social and welfare spending which last year cost it the equivalent of nearly a third of gross domestic product, more than in any other country in Europe apart from Sweden. Maternity and child care benefit will cease to be an automatic right and will be means-tested, fees will be introduced for higher education and medical examinations will no longer be free.

The government also intends to limit public sector wage increases to 3 per cent and to cut funding to public and government bodies by up to 10 per cent.

To boost exports, reduce speculation against the forint and make it easier for companies to plan, it announced the forint would be devalued by up to 27 per cent this year. There are to be monthly markdowns of 1.9 per cent in the first half, falling to 1.3 per cent a month in the second part of the year.

The forint has steadily appreciated in real terms in

the past three years in which annual inflation has exceeded 20 per cent.

Mr Horn now faces the difficult task of convincing the government, a Socialist-Liberal coalition, and parliament to flesh out and follow through with the measures which analysts say will need amendments to more than 30 pieces of legislation. The welfare and national security affairs ministers have already said they would resign in protest at the cuts.

Most believe the government which has a large majority in parliament, will succeed. This is partly because the cabinet has presented the reform package as a *fait accompli* rather than opting for the endless debates and discussions over policy with coalition partners and unions that characterised its first six months in office.

While unions and some within the Socialist party are critical of the measures and fear a popular backlash, commentators believe there is now a broad consensus that tough reforms are unavoidable if the economy is to be stabilised.

European new car sales up 3% last month

By Kevin Done, Motor Industry Correspondent

West European new car sales increased year-on-year by an estimated 3.1 per cent in February, helped by continuing strong growth in France and Scandinavia. Demand was higher than a year ago in 12 of 17 markets across the region.

The recovery is still being hampered, however, by the absence of growth in Germany, the single largest market, which accounts for a quarter of all new car sales in west Europe.

According to provisional figures from Aeca, the European Automobile Manufacturers Association, new car sales reached 948,300 last month from 920,200 in the corresponding period a year ago.

Sales rose strongly in France with an increase year-on-year of 11.6 per cent, but this was offset by a marginal fall last month in Germany of 0.1 per cent and by declines in Austria, Portugal, Belgium and Luxembourg.

New car sales rose year-on-year in Britain in February for the first time since September with an increase of 4.5 per

cent, while registrations also rose by 5.5 per cent in Italy and by 5.3 per cent in Spain.

In the first two months of the year west European new car sales rose by 3.8 per cent to 2.04m.

Leading carmakers remain cautious about the prospects for growth this year, and General Motors of the US forecasts only a modest further recovery in demand by just under 3 per cent to 12.2m from 11.9m in 1994. Renault of France and the Fiat group of Italy, which includes Alfa Romeo, Lancia and Ferrari, have gained momentum around the big six volume carmakers in Europe this year.

Japanese manufacturers continue to lose ground overall in west Europe with a decline in sales of 2.9 per cent year-on-year in the first two months.

The fall is a result of the poor performance of Nissan, the leading Japanese make in the European market, whose sales have fallen by 19.6 per cent in the first two months.

By contrast Honda raised its sales by 22 per cent.

WEST EUROPEAN NEW CAR REGISTRATIONS

January-February 1995

	Volume (Units)	Volume Change (%)	Share (%) Jan-Feb 95	Share (%) Jan-Feb 94
TOTAL MARKET	2,040,700	+3.8	100.0	100.0
MANUFACTURERS:				
Volkswagen group	323,800	+3.1	15.9	16.0
- Audi	214,400	+0.4	10.5	10.9
- Seat	55,700	+22.2	2.7	2.3
- Skoda	45,300	-2.0	2.2	2.4
- Skoda Motors	8,200	-4.7	0.4	0.4
General Motors	259,100	+0.8	12.7	13.1
- Opel/Vauxhall	247,000	+0.8	12.1	12.5
- Saab	9,700	+11.3	0.5	0.4
Fiat group	255,200	+11.9	12.5	11.7
- Fiat	195,200	+11.9	9.7	9.0
- Lancia	22,200	-25.5	1.1	1.5
- Alfa Romeo	22,200	+15.4	1.1	1.0
PSA Peugeot Citroen	250,800	+2.7	12.3	12.4
- Peugeot	143,400	+0.8	7.0	7.3
- Citroen	107,600	+5.7	5.3	5.2
Ford group	249,800	+6.0	12.2	12.0
- Ford	245,800	+5.8	12.1	11.9
- Jaguar	2,700	+28.7	0.1	0.1
Renault	225,000	+13.2	10.9	10.0
BMW group	127,100	+0.7	6.2	6.4
- BMW	66,700	+8.8	3.3	3.1
- Rover	60,500	-7.0	3.0	3.3
Mercedes-Benz	82,800	-6.1	4.0	3.9
Nissan	56,300	-19.6	2.8	3.6
Toyota	49,200	+0.1	2.4	2.5
Volvo	39,300	+21.3	1.9	1.6
Mazda	29,200	+1.7	1.5	1.5
Honda	25,300	+22.0	1.4	1.2
Mitsubishi	19,000	+3.3	0.9	0.9
Suzuki	14,500	+12.0	0.7	0.7
Total Japanese	208,300	-2.9	10.2	11.0
Total Koreans	18,900	+15.0	0.9	0.8

1994 sales 63.9 per cent of 1993.

Includes cars reported from US and sold in western Europe.

GM notes 50 per cent and management control of Saab Automobile.

44 Fiat group includes Lancia, Alfa Romeo, Innocenti, Piaggio and Moto GP.

Source: Aeca (European Automobile Manufacturers Association) statistics. Figures are rounded.

Alcatel chairman questioned on fraud

By John Ridding in Paris

Mr Pierre Suard, chairman of Alcatel Alsthom, was questioned for four hours yesterday by a magistrate who has placed him under investigation for fraud and blocked him from working for the company.

The lawyer for the Alcatel chief said that Mr Suard had not been presented with any new charges. He said the magistrate's questions had centred on renovation and building work done at Mr Suard's home and his personal finances. "Mr Suard explained himself in a detailed fashion," the lawyer said.

The Alcatel chairman was last week placed under investigation by Mr Jean-Marie D'Hay in a case involving alleged overbilling of France Telecom, one of Alcatel's biggest clients. Mr D'Hay is also investigating whether work performed at Mr Suard's Paris properties was illicitly financed with company funds.

The Alcatel chairman and the company have strongly denied any wrongdoing. Mr Suard is to appear against the ruling which bans him from managing the company and on Tuesday he received a vote of confidence from the board.

Shares in the transport, telecommunications and engineering group, which have been battered by the investigations and a sharp fall in profits, rebounded yesterday, gaining 6 per cent to close at FF110.9 (€30).

The range of investigations which have affected the group was demonstrated yesterday when an investigating magistrate visited the Paris headquarters of GEC-Alsthom, the Anglo-French engineering and transport joint venture. A company spokesman would only confirm that the visit by Mr Renaud Van Ruymbekke took place, but would not comment on reports that he searched the premises.

Mr Van Ruymbekke is investigating alleged payments of FF2.6m by GEC-Alsthom to the former chairman of the Sages consultancy firm. He is thought to be inquiring about whether the payment was linked to the construction of a new tramway in Nantes, western France.

In a separate political financing investigation, a French prosecutor yesterday demanded a two-year suspended prison sentence for Mr Henri Emmanuelli, the leader of the Socialist party who is on trial on charges of involvement in illicit political financing. The case centres on a network of consultancy groups that channelled funds illegally to the Socialist party in the 1980s.

UN sees war clouds blacken over Bosnia

By Laura Silber in Belgrade and Bruce Clark in London

Mr Yasushi Akashi, the Japanese diplomat who acts as the chief United Nations envoy to former Yugoslavia, is usually the sort of person who looks for a ray of hope, even in the gloomiest of situations.

So the pessimistic tone he adopted yesterday after a visit to Sarajevo was a sign that the war clouds over Bosnia are very black. "The situation is serious and I would even say critical," he said. "Unless we do something in the next two to three weeks a further degradation and resumption of fighting is feared."

Pessimism over former Yugoslavia has been mitigated for the past few days by the loud sigh of relief which was heaved by the international community when Croatia reversed an earlier decision to expel UN peacekeepers from its soil.

But unless there is some significant development in the next few weeks, most observers are expecting war in Bosnia to resume at the beginning of May when the current truce expires, and any resumption of fighting in either Bosnia or Croatia would be all too likely to spread to the other republic.

While politicians from the region are being subjected to mounting pressure from the international community, military planners on all sides make no secret of the fact that they are girding themselves for war.

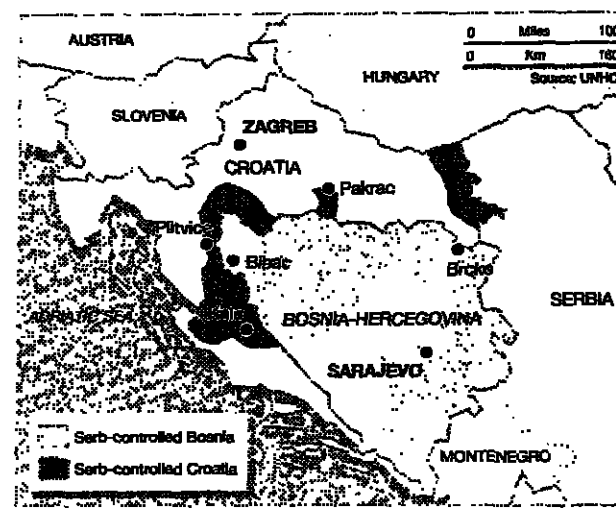
Croat commanders have repeatedly boasted that they are capable, if necessary, of recapturing by force the areas of their republic which fell under Serb control during the Serb-Croat war of 1991.

At the end of Serb-held part of Croatia is viewed by experts as being vulnerable to a Croat attack: the small area between the town of Pakrac and the Bosnian border.

General Ratko Mladic, the Bosnian Serb commander, has repeatedly said that he believes that the only way to end the war is a full military victory. He dismisses the international peace plan for Bosnia as a gift to the losers. Yesterday he threatened to "bombard Sarajevo for 30 days every time a Serb is killed". Gen Mladic and his fellow officers were furious when international pressure forced them to desist last year from a full-scale assault on the Bosnian government enclave of Bihać.

Bosnia's Muslim-led government suspects the Serbs of preparing a new effort to seize Bihać, thus securing communication lines between Serb-controlled areas of Bosnia and Croatia.

Military experts say a key factor in the outcome of any fresh burst of fighting would be the effectiveness of the one-year-old federation, brokered



Nine French UN soldiers were killed and four injured in a road accident on a mountain south of Sarajevo, the Bosnian capital, in the worst single incident since peacekeeping operations began in former Yugoslavia in 1992, writes Laura Silber. The accident occurred on Mount Igman, a strategic UN demilitarised zone overlooking Sarajevo. The vehicle slipped on an icy road and plunged down a ravine, she said. A UN spokesman. The wounded were flown by helicopter to Sarajevo airport. Mr Yasushi Akashi expressed his "profound condolences" to the bereaved families, as he left the Bosnian capital after two days of peace talks with the warring sides ended with no progress being made.

attacks on the ports of Zadar and Sibenik. If Bosnia's Muslim leaders were to launch a new offensive, an obvious target would be the town of Tuzla, south of Sarajevo, which is currently in Serb hands but holds the key to communication with the Muslim enclaves in the east of the republic.

Despite their nominal status as UN-protected areas, the enclaves of Gorazde, Zepa and Srebrenica remain acutely vulnerable to Serb retaliation in the event of Bosnian government advances in other parts of the republic.

Another is the remote Serb-controlled region of Plitvice, west of Bihać, which could face a two-pronged attack. If such an attack were successful it would split the largest Serb-controlled area of Croatia in two.

Croatia is apparently counting on a revamped mandate to change the role of the UN forces on its territory and obtain some real security for its borders.

But it remains to be seen how much protection can be afforded by the 500 or so military observers envisaged by the draft mandate that has been circulating in New York this week.

These observers could hardly prevent Serbia from resupplying its khzmen in Croatia and Bosnia if it was determined to do so, but they could at least make it more politically embarrassing.

Western diplomats, in pressing Zagreb to reject the option of war, have also told the Croats not to over-estimate their military strength.

At first glance, the Croatian Serb stronghold of Knin may look vulnerable to Croat forces who occupy the Triglav mountain in Bosnia which overlooks the town. However, the Serbs could retaliate with missile

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EUROPEAN NEWS DIGEST

Italy set to pass finance package

The Italian government last night looked set to pass its 120,000bn (\$120n) mini-budget by a narrow margin in the chamber of deputies, but the final vote seemed likely to slip over to today. The prospect of the package of financial measures gaining parliamentary approval led to a slight improvement in the lira, which rose to L1,193 against the D-Mark compared with Monday's L1,206. Mr Lamberto Dini, the prime minister, yesterday warned the chamber that failure to endorse the mini-budget would have serious consequences for the lira and Italy's international credibility. The new measures, relying heavily on increases in petrol tax and VAT, are intended to hold the 1995 budget deficit to the original target of 8 per cent of GDP.

The government has been promised the support of the parties in the centre on the left but the right-wing alliance headed by Mr Silvio Berlusconi, the former prime minister, is committed to voting against the package. This line-up would leave the government with a narrow victory in the 550-member chamber. The numbers could increase if some 15 members of Reconstructed Communism break party discipline and vote for the government. The main uncertainty has been over the behaviour of the centrist Popular party, which is in the process of splitting, with the pro-Berlusconi members going against the government. *Robert Graham, Rome*

Rome court annuls RAI posts

The political battle for control of the RAI, Italy's state broadcasting organisation, took a new twist yesterday when a Rome labour court annulled the top editorial appointments in television and radio made last autumn by the former government of Mr Silvio Berlusconi. The court ruled that the appointments of news programme controllers of the three television channels and state radio were void because the broadcasting unions were not properly consulted. At the time, the unions protested over what was seen as overt political interference in the appointments, which followed hard on the heels of the government installing a new RAI management. The previous programme controllers will be reinstated, at least temporarily. The ruling comes as parliament wrestles with legislation to ensure fair media coverage of elections. *Robert Graham, Rome*

Moldova makes IMF pledge

Moldova, which has surprisingly emerged as one of the economic success stories of the former Soviet Union, has signed a new preliminary deal with the International Monetary Fund. Mr Leonid Talmaci, chairman of the central bank, told Reuters the memorandum of intent, signed by the central bank and the IMF, pledged to keep the budget deficit below 3.5 per cent of GDP and annual inflation down to 10 per cent this year. The tough targets contrast favourably with Russia's promise to keep its deficit to between 8-10 per cent of GDP and bring inflation down to average monthly levels of 4 per cent.

Moldova is already enjoying the benefits of an austere policy the government launched last year. Inflation last month was down to 2.3 per cent, in contrast with 11 per cent in Russia, and the lei, Moldova's currency, has only fallen to 4.42 to the dollar after being introduced in November 1993 at 3.85. In Russia, where the government has yet to make tough fiscal and monetary programmes stick, the rouble has nearly halved in value in the past six months. *Christie Freeland and Reuters, Moscow*

Corsican businesses in protest

The economy of Corsica was paralysed yesterday as some 20,000 of the island's businesses closed in protest at the commercial damage they have suffered from an unresolved month-long strike by public sector workers. Employers and businesses said they hoped to put pressure on the Paris government and the public sector unions to reach agreement. Last Friday the government appeared to satisfy most of the island's public sector unions with a pay rise of 2 per cent, but a hard core is holding out for its original 3 per cent demand. *David Buchanan, Paris*

Swiss transport terms agreed

European Union transport ministers yesterday agreed the terms on which the Commission will negotiate bilateral land and air transport deals with Switzerland, despite last-minute reservations about Bernese initialising an open-skies accord with the US. Mr Neil Kinnock, EU transport commissioner, will begin talks soon with the Swiss on harmonising rules governing transport sectors.

Negotiations between the EU and Switzerland suffered a setback last year when Swiss voters backed a referendum which would in effect ban road freight traffic by 2005. Swiss undertakings, including a commitment to divert road traffic to rail, finally unlocked the negotiations. Part of the commitment is to put sufficient railway capacity at the disposal of road hauliers to avoid traffic being diverted to neighbouring countries. Switzerland has also undertaken to open its railway network to EU operators. The open skies deal with the US had raised fears among some member states that the US would gain access to the liberalised EU without conceding anything in return. *Caroline Southey, Brussels*

Angry exchanges in Tapie trial

The trial of Mr Bernard Tapie, the colourful French businessman and politician, on charges with four others of rigging a football match was temporarily suspended yesterday following angry exchanges as the lawyer for a key witness demanded police protection. Ms Gilbert Collard, acting for Mr Jean-Pierre Bernes, the former general manager of Olympique de Marseille, who on Monday told the court that Mr Tapie tried to persuade him to bribe players of a rival team in 1993, said the politician had threatened his security. Mr Tapie replied: "It's a set-up." Mr Tapie, who denies charges of match-rigging and interfering with witnesses, took the stand for the first time yesterday, on the second day of the trial. *Andrew Jack, Paris*

ECONOMIC WATCH

W German wholesale prices rise

West German wholesale prices showed their biggest rise in more than five years in February, triggering fears that inflationary pressures could be building up. The Federal Statistics Office said the wholesale price index rose 0.7 per cent in February from January and was 3.4 per cent higher than in January 1994. This was the highest year-on-year rise since December 1989 and was well above forecasts. December 1994 and January 1995 had annual changes of 3.2 per cent, both well above the 1.6 per cent average of 1994. "The figures show there is a lot of inflationary pressure in the pipeline from raw material price rises and the strong industrial recovery of 1994," said Mr Joachim Fels of Goldman Sachs in Frankfurt. "This means the trend to lower consumer price inflation has been broken. If pressure on exchange rates eases, the Bundesbank may have to put interest rates up." However, other analysts said the seasonal foodstuff price rises had caused the increase and weakness of commodity prices and the strong mark should put downward pressures on prices. *Reuters, Bonn*

■ Finnish unemployment fell to 480,099 (19.7 per cent) in February from 19.9 per cent in January.
■ Dutch non-seasonally adjusted unemployment fell to an average of 484,000 in December-February (7.5 per cent) of the average of 484,000 (7.6 per cent) in November-January.

Brussels warms to rescue for French bank

By Andrew Jack in Paris

Mr Karel Van Miert, the European competition commissioner, yesterday appeared to indicate tentative support for a second French government rescue of Crédit Lyonnais, the troubled state-owned bank, even as domestic criticism against it intensified.

His comments came after an hour-long meeting with Mr Edmond Alphandery, the French economics minister, who is co-ordinating a new package of support for the bank likely to be made public in the next few days.

Mr Alphandery said yesterday that French taxpayers would not be required to contribute to the plan, while Mr Van Miert added that it

inquiry about state support.

However, he stressed that Crédit Lyonnais would itself have to make a substantial contribution from its side to match any state aid in order to avoid distorting competition.

His comments came after an hour-long meeting with Mr Edmond Alphandery, the French economics minister, who is co-ordinating a new package of support for the bank likely to be made public in the next few days.

Mr Alphandery said yesterday that French taxpayers would not be required to contribute to the plan, while Mr Van Miert added that it

would involve sales of both performing and non-performing assets.

"Crédit Lyonnais... has no doubt generated considerable losses but it has the capacity to absorb them given time and furnished with the means," said Mr Alphandery.

The comments appeared to support suggestions that the structure of the rescue could include asset sales and a long-term loan underwritten by the French state which the bank would ultimately repay.

It is expected to report 1994 losses of about FF100bn (\$20bn) and receive state-backed guarantees in excess of FF100bn.

However, Mr Edouard Esparbès, head of Crédit Agricole de l'Île de France, a large mutual bank, said yesterday that the rescue plan was a "distortion of competition" and that it did not appear to involve sales of core assets.

"We would prefer that they sold some retail branches rather than cinemas in Europe," he said, in a reference to the sale of its MGM assets to be completed by early summer.

Meanwhile, Mr François d'Aubert, a French deputy and chairman of the critical parliamentary inquiry into the bank held last year, called both for an extraordinary session and for

a judicial inquiry into the bank.

Mr Alain Madelin, minister for small business and a strong supporter of Mr Jacques Chirac, the mayor of Paris currently standing for the French presidency, said the collapse of Barings, the UK merchant bank, was "peanuts" compared to Crédit Lyonnais.

It also emerged yesterday that one possibility being discussed by the French state was an exchange of the 21.93 per cent stake in Crédit Lyonnais held by Thomson-CSF, the defence and electronics group, for other shares in companies likely to be privatised more quickly.

Farmers firmly behind Aho

Finnish PM's support for EU membership has not dented his popularity as polls approach, reports Hugh Carnegie from Lapland

A howling gale that swept icy sleet across Lapland on Monday night played havoc with the television signals from faraway Helsinki, but at last Mr Joona Kuulmunki managed to tune in to the election debate that a group of 20 neighbours had gathered to watch together at his 200-year-old dairy farm.

Here in the remote community of Lausua, perched almost exactly on the Arctic Circle and still buried under snow, most people have two political characteristics in common: their support for the rural-based Centre party of Mr Esko Aho, the prime minister, and their hostility to Finland's recent entry to the European Union, which has led to a 10 per cent cut in income for the country's super-subsidised farmers.

Mr Aho's keen advocacy of joining the EU in last October's national referendum threatened to split the party and make his task of fending off a resurgent Social Democratic opposition in next Sunday's general election even more difficult than it already looked.

But Mr Kuulmunki's friends were unhesitating in their support for the prime minister as the fuzzy screen cleared and he squared off against Mr Paavo Lipponen, the SDP leader, in the television debate. "Of course there were obstacles for Aho - many people disagreed with him strongly on the EU. But we have to look ahead now. He is still the best man to be prime minister," said Mr Kuulmunki.

In fact, the EU issue, which so dominated Finnish national affairs last year, was not mentioned once during the TV debate.

"There has been almost no discussion of foreign policy in this election. In the past three months, this great argument over the EU has slowly subsided," said Mrs Outi Oinas, a Centre party candidate in Lapland, which in the 1991 election returned five Centre party deputies out of eight MPs elected from the region.

Instead, the chief issue has been the economy. Mr Aho, in coalition with the Conservative party, should be reaping the benefit of a vigorous export-led



Esko Aho: "Still the best man", supporters say

rebound from recession that began last year, which has produced growth expected to be 6 per cent this year.

But with unemployment still at 18 per cent of the workforce and public spending tightly reined, much of the tone of the election campaign is one of continued economic crisis. This has been reinforced by a nurses' strike which has severely curtailed hospital services over the past two weeks.

The Social Democrats, under the dour but solid leadership of Mr Lipponen, have profited by promising more active measures to combat unemployment (although they have been short on specifics), while offering to spread the burden of spending cuts on to agriculture subsidies and industry supports as well as welfare. They are expected to win up to 30 per cent of the vote on Sunday.

That would reverse the drop to 24 per cent they suffered in the 1991 election and return them to their customary position as the biggest parliamentary force.

A new government, with Mr Lipponen at its head, is therefore widely expected. But with no prospect of the party winning sufficient strength to form an administration on its own, the question is what shape a new coalition will take.

Until recently, the formation again of a Social Democratic-Conservative partnership, an odd ideological combination

which nevertheless was in office between 1987 and 1991, was regarded as the likeliest outcome. But the Conservatives, led by Mr Sauli Niinistö, have performed poorly and appear to be losing support to a small populist liberal party, the Young Finns.

Meanwhile, Mr Aho has led a spirited fightback by the Centre party, which seems certain to retreat from its emergence in 1991 as the biggest party but could still come second. Mr Aho is a far more relaxed and effective television performer than his main opponents.

In Monday's debate he was lively and combative where Mr Lipponen was plodding and non-

committal, neatly making fun of Mr Lipponen's "Moses" nickname. "As far as I remember, Moses never reached the Promised Land," he joked.

In terms of policies, the main difference between the SDP and the Centre party is the former's insistence on cuts in support for agriculture and industry. Under Mr Lipponen, the SDP is inclining towards measures favoured by Mr Aho such as reforms of Finland's rigid labour market to stimulate employment. To stabilise public debt, now running at 70 per cent of gross national product, the SDP is proposing FM20bn (\$4.7bn) in new budget savings over the next four years; the Centre party up to FM18bn.

As the election draws closer, many observers are beginning to predict an SDP-Centre coalition. Both Mr Lipponen and Mr Aho said on television they were prepared for "constructive" talks after the election. Significantly perhaps for Mr Aho, a coalition is an outcome Mr Kuulmunki and his neighbours in Lapland say they would accept.

Despite their instinctive hostility to the "anti-farmer" Mr Lipponen, they believe the SDP could help the battle against unemployment by aligning the trade unions with government policy.

"The wider the basis of the government, the better," said Mr Kuulmunki, before his guests headed back into the storm.

Spanish interest rate up half point as inflation surges

By David White in Madrid

The Bank of Spain yesterday raised its benchmark interest rate by half a point to 8.5 per cent as the government announced a disappointingly high 0.5 per cent rise in prices last month over January.

The interest rate increase, the second since the Bank of Spain gained independent status at the beginning of the year, was widely expected in the aftermath of the peseta's 7 per cent devaluation in the European Monetary System on March 6.

The Spanish central bank had already pushed up its daily intervention rate after the realignment and most banks raised their prime lending rates by half a point in anticipation of the move.

However, some analysts were expecting a larger rise in the benchmark rate, in line with measures taken in other European countries.

Yesterday was the first opportunity since the devaluation for the Bank of Spain to set its new rate in the 10-day repurchase tender for central bank certificates.

The move brings Spanish interest rates back to the level of just over a year ago after cuts in 1994 reduced the benchmark figure to a low of 7.35 per cent.

Mr Pedro Solbes, economy minister, said yesterday he

hoped it would be possible to resume the downward trend. He added that the previous increase in January, meant by the Bank of Spain to head off inflation, had been misinterpreted as a measure to support the peseta.

The CEOE employers' body said the increase in borrowing costs would have a negative effect on companies and called on the government to take further action to curb the public sector deficit. It described the February consumer price figure as "a bad result".

The prices increase, which was at the top end of market expectations, left the 12-month inflation figure at 4.8 per cent, compared with 4.4 per cent in January, and was the highest rate since August last year.

Mr Solbes admitted the figure was worse than expected, following a one point increase in January when higher value-added tax rates came into effect. But he said the government's target of 3.5 per cent for the year was still not impossible.

Prices for foodstuffs, especially potatoes and olive oil, were blamed for much of the rise, climbing 0.6 per cent in the month and 6 per cent over the year. However, industrial goods showed a more moderate 0.3 per cent increase, attributed by the government to improved productivity and wage moderation.

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NEWS: ASIA-PACIFIC

India shows strong economic growth



Indian finance minister Manmohan Singh in New Delhi on the eve of today's 1995-96 budget

By Mark Nicholson
in New Delhi

India's economy grew by 6.3 per cent in 1994-95, its strongest performance in four years, while the government is on target to cut the fiscal deficit to 6 per cent of gross domestic product from 7.3 per cent in the preceding fiscal year, according to the finance ministry's annual economic survey released yesterday.

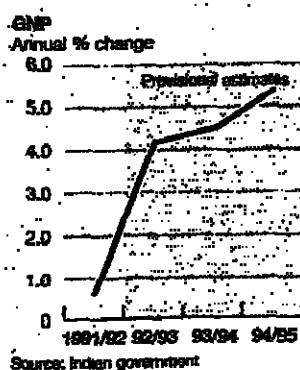
However, the survey warned of persistent inflationary pressures in the economy, urged further fiscal tightening and said only additional tax and trade reforms would keep India's balance of payments from "renewed stress".

It also cautioned that the achievements of four years' liberalising economic reforms were "not free from threat".

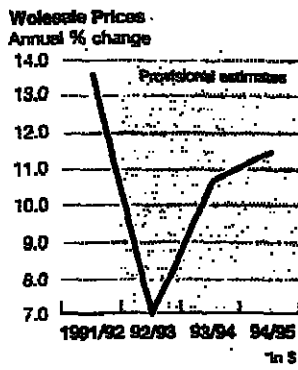
The warning follows strong anti-establishment votes in recent state elections which ousted the ruling Congress party from power in Gujarat and Maharashtra, two of India's most economically vibrant states.

Congress has conceded defeat in Maharashtra, the capital of which is Bombay, with the state governor yesterday asking the right-wing Hindu nationalist alliance of the Bharatiya Janata party and the more militant Shiv Sena to form a government. Mr Man-

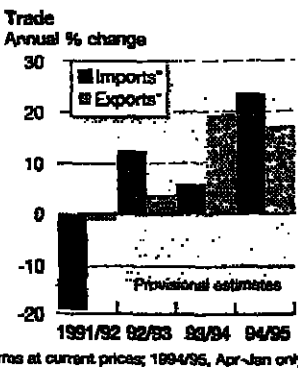
India's economic performance



Sources: Indian government



Sources: Indian government



In % terms at current prices, 1994/95, Apr-Jan only

har Joshi, a senior Shiv Sena leader, is to be sworn in as chief minister today.

The economic survey voices finance ministry concern on the eve of today's budget that these electoral reverses, attributed by opposition and some Congress politicians to "anti-poor" effects of reforms, should not be permitted to deter further liberalising measures.

To those arguing for "populist" expedients and higher government spending, the survey warns of the "serious consequences" of fiscal excess, saying the effects of "fiscal populism" can be "extraordinarily high and long-lasting". It states: "The sustainability of growth depends on seeing a measured and sustainable reduction in fiscal deficit."

Though the government overshoot its fiscal deficit target of 4.7 per cent for 1994-95, last year's budget "restored central finances to the path of fiscal balance", the survey says. A chief factor was the rationalisation and moderation of tax and excise rates which widened the tax base and boosted

revenues, by 53 per cent from corporate and personal taxes and by 18 per cent from customs and excise duties.

Nevertheless, the survey says the fiscal deficit remains high and is contributing both to inflation, which exceeded an annual rate of 11 per cent in February, and upward pressure on interest rates, which it says is hampering private sector investment.

The survey hints at further possible reforms in today's budget, saying tax, tariff and excise reforms should deepen, that remaining industrial licences should be phased out and tariff-based trade controls widened. It also said that consideration of opening the country's insurance sector to private and foreign investment, the subject of much foreign lobbying, was at an "advanced stage".

It says India's strongest growth rate since Mr P. V. Narasimha Rao, the prime minister, began liberalising reforms in 1991 flowed from a "surge" in industrial output, up 8 per cent in 1994-95, and "robust

agricultural performance". Capital goods investment rose 21 per cent in April-October 1994, while the proportion of bank lending to the private sector more than doubled to 13.6 per cent between April and this January. "There are clear indications that a sustained and broad-based industrial recovery is under way," it says.

In the external sector, exports rose 17 per cent in dollar terms in the first 10 months and the survey said India's current account deficit was unlikely to exceed 0.5 per cent of GDP in 1994-95. It says current account improvements had swelled foreign exchange reserves, to \$19bn by February, but stressed the need to retain substantial foreign exchange holdings as the economy opens further to foreign capital flows.

India's stock of foreign debt fell in 1994-95 by \$270m, while the proportion of short-term debt fell to 3.1 per cent by the end of September 1994, from 10 per cent at the end of 1991. See Feature Page 13

ASIA-PACIFIC NEWS DIGEST

S Korea in local elections pact

South Korea's governing and opposition parties yesterday reached a sudden agreement on a controversial local election law. The accord ended a month-long political dispute that disrupted parliamentary proceedings, including the forced detention of the national assembly speaker at his official residence by opposition MPs last week.

The government last month proposed a law banning political parties from participating in the June 27 local elections, the first in 35 years. Instead, candidates would stand without any political affiliation in a move which was aimed at ensuring clean campaigns and reducing election spending. The opposition Democratic party claimed the law was designed to prevent it from scoring a visible victory in the first electoral test for the administration of President Kim Young-sam since he came to power two years ago. Mr Kim has suffered a slide in popularity during the past year. Under the compromise, political parties can nominate candidates for county heads, mayors and ward positions, but not for minor positions such as local councillors. *John Burton, Seoul*

Japan machinery orders ease

Machinery orders in Japan fell by a seasonally adjusted 6.1 per cent in January, marking the first decline in three months, according to the Economic Planning Agency. The decline, however, was in reaction to a substantial rise the preceding month, and the EPA believes the trend is still upwards. On a year-on-year basis, orders rose 1.7 per cent.

In December machinery orders, a key gauge of the level of plant and equipment investment in Japan, rose by 9.1 per cent month-on-month, after a 0.1 per cent rise in November. The agency had not seen any direct impact from the January earthquake in western Japan which damaged a large part of the port of Kobe. It attributed this to the long-term nature of machinery orders. *Michiko Nakamoto, Japan*

HK extradition appeal refused

Britain's highest appeal court yesterday refused to let a former Hong Kong banker appeal against a decision to extradite him to the colony to face bribery charges. Mr Ewan Quayle Lauder, 58, a former chief executive of Wardley, the investment arm of banking group HSBC Holdings, received the extradition order in April but has been fighting the decision since then through the courts.

He faces 14 charges of accepting bribes totalling more than \$4m (\$6.5m) from two Hong Kong businessmen in return for granting \$12m worth of loans. The House of Lords, after a private hearing, refused him permission to appeal against a High Court decision to uphold the extradition order. He had been pursued for six years by investigators at Hong Kong's Independent Commission Against Corruption. *Reuter, London*

■ The Australian Securities Commission, the industry watchdog, announced yesterday it had signed an agreement with the French Commission des Opérations de Bourse, covering the exchange of regulatory information and investigative assistance. *Nikki Taft, Sydney*

■ China had a trade surplus of \$1.77bn in February, compared with a deficit of \$228m in the same period a year ago, helped by exports of finished products, customs statistics showed. Exports were \$3.9bn, compared with \$3.19bn in January, but up \$5.754bn in February 1994. *Reuter, Beijing*

■ Mr Tetsuro Toyota, president of Toyota Motor, has been ordered by doctors to give up work until "early summer" to be treated for high blood pressure, the company said yesterday. He may also step down as head of the Japan Automobile Manufacturers' Association. *AFP, Tokyo*

Opposition to mount blockade of Dhaka

By Peter Montagnon
in New Delhi

Opposition parties in Bangladesh are to mount a blockade of the capital, Dhaka, next week in the hope of forcing the government of Mrs Khaleda Zia to step down in favour of a caretaker administration which will hold fresh elections. The move was announced yesterday at the end of a two-day general strike which paralysed the country's leading cities. The blockade marks an intensification of the crisis which started with oppo-

sition withdrawal from parliament last year, and business leaders say it now appears to be entering its final phase.

The opposition Awami League has accused the governing Bangladesh Nationalist party of rigging the 1991 general election and subsequent by-elections. Street violence is expected to increase in coming weeks as the opposition pushes its case. So far the strikes have cost little output. But they have slowed economic reforms and public support for them may dwindle if they fail to end the political stalemate.

HK delays lifting interest curbs

By Simon Holberton
in Hong Kong

The Hong Kong Monetary Authority yesterday postponed full interest rate deregulation, citing confusing monetary data and concerns about the impact of the liberalisation on the structure of deposits in the colony's banking system.

The authority said that uncertainty had been created by volatile financial markets which in turn had led to "distortions" in recent monetary data. It decided that more time was needed to assess the impact of deregulation, and

said it would return to the issue in August or September.

The deferral of interest rate controls on deposits of 1-7 days, which was to take place at the beginning of next month, was seen as a victory for Hong Kong's banking cartel which has enjoyed regulated deposit rates for 30 years.

Banks, whose profits are under pressure from rising interest rates and a slowing domestic economy, have been lobbying vigorously for deferral. They fear profits will be cut further if they have to pay interest on short-term retail deposits and cheque accounts,

as full deregulation implies.

The authority broadly accepted recommendations from Hong Kong's consumer council that rates should be set by market forces rather than agreement among banks. Interest rates on deposits of a duration longer than a week have been progressively deregulated since October.

But the HKMA said yesterday that a survey of 40 banks in January indicated a "significant migration" of money from controlled savings and current accounts to deregulated time deposits. The authority proposed deferring further liberal-

isation at yesterday's meeting of the Executive Council, Governor Chris Patten's senior advisory body.

■ Two residential property sites were sold at auction in Hong Kong yesterday, suggesting that the slide in the colony's property market might have abated. Sun Hung Kai paid HK\$1.61bn (\$208m) and Hang Lung Development HK\$1.24bn for the two sites. Both prices were within market expectations. But what checked analysts was the participation in the bidding of Cheung Kong and Henderson Land, two property giants.

Green Australia at amber light

Bold environmental measures are being deferred and rethought

By Nikki Taft in Sydney and
Haig Simonian in London

Australia's attempts to underline its green credentials appear to be in danger of foundering.

Last month, the federal cabinet deferred a decision on a package of voluntary measures and targets to cut carbon dioxide emissions over the next five years. That followed the abandonment in January of plans for a carbon tax, which was scrapped after intense industry opposition. Businessmen warned that a levy could damage economic growth in general and export competitiveness in particular - something Australia badly needs to improve.

Senator John Faulkner, the federal environment minister, said the latest delay should win time to strengthen the proposals and ensure they would have the widest impact. He also promised the pause would be temporary and that Australia's response to the "greenhouse gas" problem would be ready by the Berlin conference on climate change which starts on March 28.

"The government has agreed there needs to be strong integration of greenhouse measures in policy development and decision-making across all government departments," he said.

Environmentalists are sceptical. Mr Peter Kinnade of the Australian Conservation Foundation said the delay might indicate the government had realised its efforts to tackle the problem lacked international credibility.

But he also warned that policy appeared to be paralysed. "The government has refused to introduce major new initiatives to reduce emissions but wants to be seen to be taking positive action."

This dilemma is not restricted to Australia. Many fast-growing Asia-Pacific countries want to show their environmental concern, but without harming economic development. But the problem is acute in Australia because its vociferous green lobbies are politically important.

Emission levels are also fairly high. The country ranks 15th in the world for total energy-related CO₂ emissions and, with its small population base, is behind only the US, Canada and Russia in CO₂ emissions per head.

VANISHING ISLANDS AND CO₂ EMISSIONS

Developing countries will be deeply split at a conference on climate change in Berlin this month after failing to agree on controversial proposals from many small Pacific island states for a large cut in carbon dioxide emissions, reports Haig Simonian, Environment Correspondent.

The plan, devised by the Alliance of Small Island States (Aosis), calls for a cut of at least 20 per cent in CO₂ emissions by the year 2005, compared with 1990 levels.

The scheme, to be submitted at the start of the Berlin conference on March 28, goes far beyond the hard-won agreement at the 1992 Rio Earth Summit to stabilise CO₂ emissions at 1990 levels by 2000.

The Berlin meeting is the first big follow-up to Rio and will include around 5,000 delegates from 180 countries. Many, however, including officials from the developing world, have serious reservations about the Aosis project.

The scheme, unveiled in New York last month at a preparatory meeting for the Berlin conference, is paramount to its sponsors. Some fear their very existence as states may be at stake. Although research is unclear, some scientists believe the climate is changing because

high emissions of "greenhouse gases", such as CO₂, are making the planet warmer.

That could accelerate melting of polar ice, raising the sea level. Higher seas would be disastrous for many low-lying island states, such as the Maldives and some Pacific atolls. The highest point on some islands is little more than a metre above sea level.

The Aosis plan has been proposed by Trinidad and Tobago, its government argues global warming could erode coastlines, contaminate drinking water by sea water intrusion and threaten species. However, even some members of the G77 group of developing countries have found the proposal highly unpalatable.

Caribbean islands back the scheme because they believe their climate has already changed for the worse.

Some delegates say hurricanes have become more frequent and fiercer, droughts are lasting longer and have become more common, while daytime temperatures have climbed.

However, sharp differences exist among developing countries over further CO₂ commitments. Oil producers abhor the idea, while some big developing states, such as China, have called for a much more gradual approach.

These figures are broadly corroborated by the National Institute of Economic and Industry Research. In a study commissioned by the electricity supply industry, the NIEIR said stabilisation at 1990 levels by 2000 for CO₂ alone required a 72m tonne reduction. To meet the 2005 target, CO₂ emissions would have to fall by 169m tonnes or 43 per cent.

Many environmentalists believe that even if a carbon tax is ruled out, voluntary reductions should be tough, monitored carefully encouraged through incentives.

The ACF, for example, has urged the government to look at the Netherlands model. Industry agreements should specify obligatory targets. Companies would have to

report annually to an independent authority on their progress and bear penalties if they underperform. The government would also provide financial incentives to encourage energy efficiency and fund research and development.

Industry, meanwhile, argues that meeting either the 2000 or the 2005 targets would cost the economy dearly. The NIEIR study, for instance, says that observing the international stabilisation objective for CO₂ would cost \$24bn (£11bn) in terms of gross domestic product over the decade.

Achieving the tougher domestically-imposed goal of 1998 emissions by 2000 would raise the cost to \$800bn. (The calculations assume some form of carbon tax, fairly stringent demand management, a heavy reforestation programme and the replacement of most coal-fired power stations by combined-cycle gas turbines.)

The NIEIR argues that emission abatement can be achieved through lower economic growth, greater energy efficiency through demand management, improving thermal efficiency on the supply side by, say, switching from coal to gas-fired or even nuclear generators, or by encouraging a switch from energy-intensive activities to lower energy pursuits.

Each has unpalatable side effects, either politically or in terms of Australia's international competitiveness. Energy intensive industries such as aluminium are big foreign exchange earners. Investment in energy efficient equipment, including conversion gas-fired power stations, could hurt the balance of payments as much of the equipment would come from abroad.

Moreover, Australia's abundant coal supplies may be harmful environmentally, but at least give an advantage in terms of relatively low electricity prices, helping to offset its relatively high labour and transport costs.

There have been suggestions that the package which Mr Faulkner took to cabinet last month included cutting about 15m tonnes of greenhouse gas emissions by the end of decade through voluntary agreements alone. Now, word is that the matter will resurface for discussion in Canberra next week.

Whatever the outcome, conservationists will be eager to see the fine print.



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Housing secretary faces probe

By Jurek Martin in Washington

The Clinton administration was yesterday saddled with another special prosecutor - this time to investigate the private affairs of Mr Henry Cisneros, the housing secretary.

At issue is whether Mr Cisneros lied in the course of an FBI background check before his appointment about financial payments made to Ms Linda Medlar, his mistress during and after his service as mayor of San Antonio, Texas.

She claimed last year he had paid her \$150,000 between 1990 and 1992 but had told the FBI he had only paid \$60,000. Her allegations were based on 40 hours of telephone conversations with Mr Cisneros which she had secretly tape-recorded.

Ms Janet Reno, the attorney general, said Justice Department investigations had established that information provided by Mr Cisneros was "false" and that he had paid Ms Medlar more than he had told the FBI. She had, therefore, no alternative but to seek a special prosecutor.

Mr Cisneros said yesterday he could not "envision a circumstance where they'll conclude that any wrongdoing was done". But he hinted at possible resignation by adding he would "never let any error I might have made damage the president".

Special prosecutors have been a bane to the administration. The law has been used to appoint one - now Mr Kenneth Starr - to investigate the Whitewater affair affecting Mr and Mrs Clinton's land and financial dealings in Arkansas.

It was also involved in the case of Mr Mike Espy, who resigned as agriculture secretary late last year in the face of charges that he had accepted favours from agribusiness interests. This investigation has still not been completed.

Also operating under a cloud of suspicion are Mr Federico Peña, the transport secretary, and Mr Ron Brown, secretary of commerce.

The Justice Department has launched preliminary 90-day inquiries into the private business dealings of both cabinet members.

The Peña case centres on whether the Los Angeles transit system benefited unduly from federal contracts following the award to his former investment partnership, shortly after he left it in 1993, of a contract to manage some of the system's pension funds.

\$6.7bn FINANCE PACKAGE UNVEILED

Argentina acts to end crisis

By David Pilling in Buenos Aires

Argentina has unveiled a \$6.7bn (\$4.2bn) financing package, including \$2bn of new loans from the International Monetary Fund, in an effort to overcome the financial crisis unleashed by Mexico's devaluation last December.

Mr Domingo Cavallo, economy minister, announcing the strategy on Monday night, said the package, to be bolstered by a planned fiscal surplus of \$4.4bn, would put to rest all concerns about a possible devaluation, default on public debt or a banking crisis.

"We have an additional \$1.1bn that will allow us to ratify convertibility [the country's currency board system], that is the backing in gold and foreign currencies of Argentina's money, to ensure the timely payment of \$5.2bn in debt maturing in 1995 and to consolidate Argentine banks," he said.

Although much of the package is not new, markets have recovered strongly in the run-up to the IMF deal, with the blue-chip Merval index rising 38 per cent in the last three sessions and Brady bonds recovering sharply.

Argentina's financial plan (\$bn)

IMF	2,400
World Bank	1,300
Inter-American Development Bank	1,000
Three-year bond (domestic)	1,000
Three-year bond (external)	1,000
International and domestic credits	6,700
Strategic privatisations (nuclear, hydroelectric, petrochemical plants)	1,000
Equity placements (state holdings in previously privatised companies)	1,400
Budget surplus (after interest payments, before privatisations)	2,000
Fiscal surplus (after interest payments, with privatisations)	4,400
TOTAL	11,100

Source: Ministry of Economy

By lunchtime yesterday, the Merval index was up a further 6.95 per cent in heavy trading. Short-term interbank rates have dropped to around 20 per cent from a peak of 90 per cent two weeks ago.

Market confidence has returned in spite of Mr Cavallo's admission that the economy is only likely to grow by 3 per cent this year, against a previous estimate of 4.5 per cent.

The rest of the package will comprise \$1.3bn from the World Bank, \$1bn from the Inter-American Development Bank and the placement of

\$2bn worth of medium-term bonds to carry an interest rate of 3 points over Libor. Many big Argentine companies have agreed in principle to subscribe to the \$1bn domestic tranche of the bond issue.

At least \$1bn of World Bank and IADE funding, to be used to push through privatisations of debt-ridden provincial banks, had already been in place.

The \$2bn in IMF loans, which comes in addition to \$420m of existing facilities agreed earlier this month, must be approved by the Fund's board in Washington. It

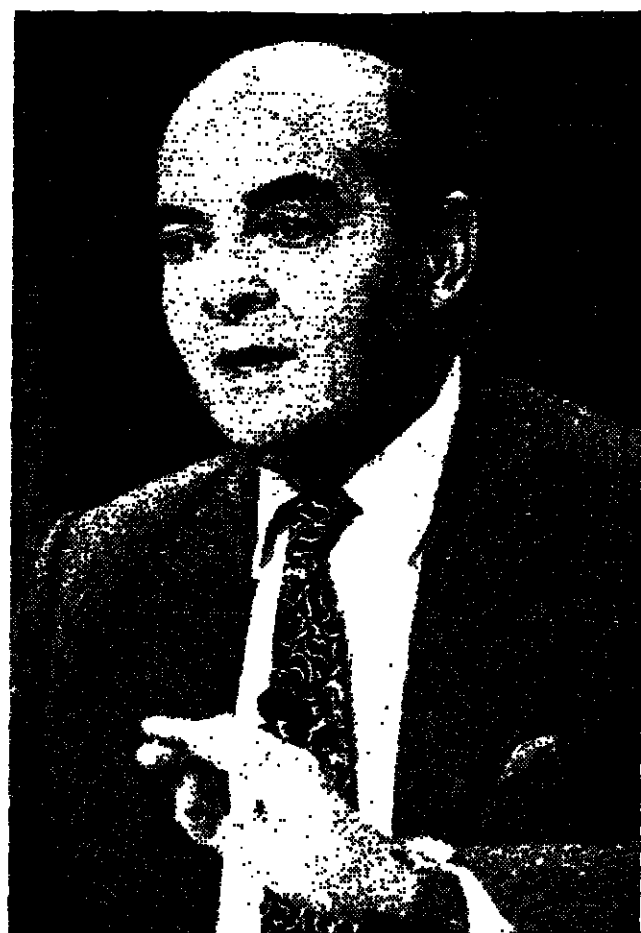
is thought unlikely that the money will be disbursed in a single tranche. Argentina needs the cash as quickly as possible in order to overcome the sharp credit crunch that has already caused the fall of two wholesale banks.

In return for the loans, Argentina has agreed to raise value-added tax (probably by 2 or 3 percentage points from its 18 per cent level) as well as to cut export incentives and reduce rebates on employer contributions. The administration has rejected IMF proposals that it also raise taxes on fuel, beer and cigarettes.

Argentina will also seek to raise import duties on some goods, but will have to negotiate any such changes with fellow members of the Mercosur customs union.

Many of the new tax measures being brought in at the insistence of the Fund run counter to the supply-side policies that have been pursued by Mr Cavallo over the past three years. But the Argentine government, concerned that deepening crisis could provoke a run on the banks, has bowed to IMF pressure in return for financial assistance.

On Monday, two small retail



Cavallo: IMF support to head off potential disaster

banks said they were unable to meet depositors' demands and would have to place restrictions on withdrawals. Since

Mexico's crisis deposits in the Argentine system have fallen by \$4bn, or 10 per cent. *Lex, Page 14*

Tourism boosts growth in Caribbean

By Carole James in Kingston

Growth in Caribbean economies this year will depend on continued economic expansion in the industrialised countries, and on closer integration of the region's economies, the Caribbean Development Bank said in its latest report.

The area's performance was uneven last year, with output showing an "upward drift". The main sectors were mixed, with tourism showing the strongest growth in most economies, boosted by demand from North America and Europe.

The Barbados-based CDB, which has resources of \$826m, provides project loans for its 17 borrowing members. Its main contributors are the US, Canada, Britain, France, and Germany.

Economies dependent on agriculture did not fare well. Output in the Windward Islands was hit by changes in marketing arrangements for bananas, and storms, drought and strikes hit banana output in St Lucia.

The most buoyant economies last year were Anguilla and Guyana, the only ones which recorded growth of over 5 per cent.

The Bahamas and Jamaica grew by less than 2 per cent, mainly because tourism performance was poor. Jamaica also suffered from damage to crops caused by drought and then by unexpectedly heavy rains which flooded fields.

Unemployment levels remained high. However inflation generally remained low, the result of subdued growth in demand and stable import prices.

Manufacturing expanded moderately but the sector remained a small contributor to GDP, with the outlook hardly encouraging. The services sector was more encouraging, notably financial and offshore business activities.

*CDB Annual Report 1994, Willey St Michael, Barbados, West Indies.

Mexico plans return to overseas capital market

By Lisa Branstetter and Richard Waters in New York

Mexico plans to return to the international capital markets to raise money before this summer, Mr Guillermo Ortiz, the finance minister, said yesterday. However, it would not rely on international investors to the same extent as in the past, and would consider methods to reduce the volatility of capital flows.

Mr Ortiz's comments came in a visit to New York to persuade investors that the tough austerity package announced last week was enough to restore the country's financial stability. A similar attempt in January failed as international investors continued to flee the country, prompting a \$30bn US-led rescue plan.

Mexico would experiment with raising "small amounts" internationally in various ways, Mr Ortiz said, and indicated that it would look to longer-term borrowings than in the past.

"We are hoping that differ-

ent kinds of investors will take an interest in Mexico and we will gradually return to the capital markets, though at a reduced level than before."

So far, Mexico has paid off around \$12.5bn of its short-term dollar-linked debt, known as tesobonos, leaving \$17.5bn outstanding. Also, commercial banks have repaid \$2bn of certificates of deposit, Mr Ortiz said.

To reduce the reliance on international capital in future, Mexico would introduce fiscal incentives to lift domestic savings, he said. These would be aimed partly at boosting the growth of private pension plans. The country would also consider new methods, such as a tax on short-term investments, to discourage the sort of capital flight which characterised this year's financial crisis, he said.

The comments came before a meeting with investors and bankers in which Mr Ortiz outlined the package of tax increases and other measures designed to reduce Mexico's

current account deficit and bring its soaring inflation rate under control.

His comments met a muted reaction, as investors continued to question the political difficulties administration of President Ernesto Zedillo faces in imposing the package. The Mexican peso slipped against the dollar yesterday morning to 6.53 from 6.39.

There would be no further attempt to gain the formal assent of labour unions in Mexico to the plan, Mr Ortiz indicated. "We can't hope to get the same kind of mechanisms as in the past. We are moving into a more decentralised wage bargaining mechanism. What we're trying to build is a national consensus that this is what is required... over the medium term."

Mr Ortiz indicated plans to raise capital through privatisations were moving ahead. A committee to oversee the privatisation of petrochemicals and electric utilities would be set up by the end of next week. *Editorial comment, Page 13*

UN attacks Guatemalan human rights violations

By Edward Oriebar in Guatemala City

Failure to prosecute in Guatemala is the most serious obstacle to respect for human rights, according to a damning report released by the United Nations human rights monitoring mission in the country.

The UN report points to widespread involvement of the security forces in a myriad of human rights violations and the failure of the state to administer justice.

"The mission has established the existence of a high and persistent number of serious human rights violations, almost all of which have been left unanswered by the rele-

vant authorities," said Mr Leonardo Franco, the mission's director, citing its first report on Monday.

The mission of 211 UN officials began operations in November following a human rights accord between the government and left-wing guerrillas in March 1994.

Its mandate is to verify human rights observance by both sides. But the overwhelming thrust of criticism is directed at the government and the security apparatus.

It comes a few days after the US government suspended a scholarship programme for Guatemalan army officers because of lack of progress in a number of prominent human

rights cases.

The report signals alleged involvement of the security forces in running illegal paramilitary gangs, drug-trafficking, and other criminal rackets. It also points to torture by Guatemalan police and the military, and numerous serious violations - including assassinations carried out by members of civil militias controlled by the army.

The report could strengthen the hand of the country's left-wing guerrillas, who have argued that the government has been violating last year's human rights accord. The most serious UN criticism levelled at them was their attack on electricity pylons.

Range of new services is set to follow phone frequency auction

George Graham on a far-reaching step in the US wireless revolution

Cordless telephones that can be used anywhere in a home have become commonplace, and portable cellular telephones are growing fast.

But what if the same handset you use as cordless phone inside the house turned automatically into a cellphone-like mobile unit when you stepped outside?

That is the idea behind the US Federal Communications Commission's auction of licences for personal communications services which closes on Monday after 112 rounds of bidding, with high bids for 99 licences in 51 geographical markets totalling \$7.03bn.

The licences provide a frequency 120 megahertz wide in the 2 gigahertz band, a wider spectrum than is usually used for today's wireless services such as pagers. The FCC expects that these broadband frequencies could be used for a whole family of new services, from multi-function mobile phones to portable faxes, and predicts that the number of wireless telephone users could multiply five times in the next 10 years to 100m.

In the past, the US government gave away slices of the radio spectrum for free.

"We used to give licences out to the people with the best lawyers and lobbyists," said Mr Reed Hundt, FCC chairman.

Together with payments from three companies which were awarded licences before the auction in exchange for pioneering some of the technology, the bidding will bring over \$7.4bn into the US Treasury - \$7.4bn it has already raised from auctions of narrow-band frequencies last year. Two licences were sold in 48 areas, but only one each in New York, Washington-Baltimore and Los Angeles-San Diego, where the three pioneer licences were awarded.

Mr Hundt describes the final prices as giving "full and fair

The biggest broadband bidders

Bidder	Current bid	Total winning bids	Mean market	Average price per person
WashingtonCo	Sprint, TCI, Cox, Qwest	\$2.71bn	New York, San Francisco, Miami, Boston	\$13.60
AT&T Wireless	AT&T	\$1.99bn	Chicago, Washington/Baltimore, Atlanta	\$13.30
PCS Partners	Bell Atlantic, Nynex, US West, AirTouch	\$1.11bn	Chicago, Miami, Tampa	\$18.36
Pacific Telec	Pacific Telec	\$690m	Los Angeles, San Francisco	\$21.39
GTE Wireless	GTE	\$399m	Atlanta, Seattle	\$20.02

value" for the licences, but the total is still short of estimates by industry analysts before the auction opened in December some of which went up to \$15bn.

Some of the sting may have been taken out of the bidding by the formation last year of a number of big alliances.

Sprint, the long-distance phone company, teamed up with three companies from the cable television business to form WirelessCo, which turned out to be the auction's largest bidder with licences totalling \$2.1bn in 29 markets.

Three of the Baby Bells - the regional telephone companies which sprang out of the court-ordered break-up of the American Telephone and Telegraph monopoly 10 years ago - teamed up with AirTouch, the cellular operations spun off from a fourth Baby Bell, to form PCS Primeco, which won 11 licences totalling \$1.1bn.

The other big bidder was AT&T, which will pay \$1.7bn for 21 licences, rounding out its extensive cellular network to create almost complete national coverage.

Most categories of player in the rapidly evolving telecommunications market were represented in the auction: long-distance phone companies, local Bells and cable TV operators. But there were some significant absences, notably Time-Warner and MCI.

Some participants feared that Mr Craig McCaw, who made a fortune in the cellular business before selling out to AT&T, would keep the bidding fierce. But Mr McCaw dropped out of the bidding last month, and ended up with no licences. "McCaw was the wild card. He cost us a few hundred million dollars," said one successful bidder who believes that Mr McCaw never intended to win any licences.

Perhaps the biggest surprise in the auction was New York. One licence for the New York area had already been awarded to Omnicast as one of the three pioneers, so competition for the one remaining licence was expected to be brisk.

In the end, New York went to WirelessCo, the Sprint consortium, for \$442.7m, the second highest price in the auc-

tion but a surprisingly low \$16.76 per head of population - "per pop." in the industry's jargon.

That is little more than half the prices of \$31.90 and \$30.88 per pop paid for the two Chicago licences, and well below the \$25.78 per pop paid for the one remaining licence in Los Angeles-San Diego.

Analysts said the Bell companies appeared to be ready to bid higher, in general, than some other groups perhaps because they start with an advantage on the next stage of actually developing the new telecommunications services - which Mr Hundt estimates will cost \$2-\$3 for every dollar spent on the licences.

PCS signals do not travel as far as cellular, so companies will have to build more towers to cover their area. Since the Bells already own plenty of land throughout their regions they are not expected to have to buy up sites. The Bells, like AT&T, also have strong brand names that may give them an advantage.

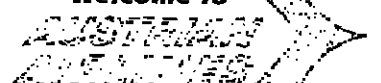
But the glow from what is generally perceived to have been a successful auction will have little time to fade before harsh competitive realities set in. Companies will have to work out how to finance the start-up costs of their new systems, including the licences fees, and how to lure consumers to services for which demand is as yet unproven.

With two cellular licences already operating in each market and two new PCS licences starting up, many expect massive overcapacity in the wireless industry.

"The consumer doesn't care about the new-fangled handset or the protocol. He cares about anytime anywhere access," says Mr Steve Schutzman, an analyst with Salomon Brothers. "You think the cellular networks are going to stop dead and wait for PCS to catch up? I think not."

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NEWS: INTERNATIONAL

Syria and Israel to resume direct talks

By Julian Ozanne in Jerusalem

Mr Warren Christopher, the US secretary of state, yesterday announced a breakthrough in the faltering Middle East peace process, by securing the agreement of Syria and Israel to resume direct talks in Washington.

After marathon meetings with Syria's President Hafez al-Assad and foreign minister Farouk al-Shara, Mr Christopher said in Damascus that talks between the Israeli and Syrian ambassadors to the US would resume in the next few days.

He said the agreement failed to secure a Syrian agreement to resume talks between the Israeli and Syrian chiefs of staff. He said Mr Dennis Ross, US special Middle East co-ordinator, would return to the region to try to coax Syria to agreeing to the military talks.

Resumption of direct Israeli-Syrian talks, suspended by Syria last December, comes at a critical time when Israel has warned time is running out for the US and Israeli government, which both face uncertain elections next year, to strike a deal which would be the cornerstone of a comprehensive regional peace agreement and opening up Arab-Israeli trade

and economic co-operation.

The move will ignite a fierce domestic political conflict between the government and right wing opponents which could seriously destabilise Israel. Hours before Mr Christopher's announcement, Mr Benjamin Netanyahu, the opposition Likud leader, said he would table a motion for a dissolution of parliament and early elections. Jewish settlers on the occupied Golan Heights threatened to unleash a civil disobedience campaign.

Israel sees resumption of the talks on security as the key to a substantive agreement with Syria over an Israeli withdrawal from the occupied Golan Heights in return for full peace with Syria including trade, tourism and embassies.

US officials disclosed publicly for the first time that three key security issues are the main obstacles to an agreement - the extent of demilitarised zones on either side of the Syrian-Israeli border, early warning systems and limited deployment zones.

Mr Yitzhak Rabin, Israeli prime minister, has said once the security concerns of both sides have been negotiated the remaining elements in a peace accord would fall into place. Mr Christopher's effort to

edge forward Israeli-Syrian talks came as Mr John Major, the British prime minister, visited Palestinian-led Gaza and backed Palestinian demands for an end to expansion of Jewish settlements and announced increased aid to the embryonic Palestinian administration.

Mr Major, in a clear disagreement with Israel, said the Israeli-Palestinian peace agreement ruled out expansion of Jewish settlement in the Israeli-occupied West Bank. He said the agreement "stipulates that a number of crucial issues, including settlements and the status of Jerusalem, should be reserved for the final status

negotiations. Meanwhile, the status quo should be respected and nothing should be done by either party to seek unilateral advantages." He said it was "most advantageous" that the principle be upheld.

Mr Major also said he would back Palestinian requests for the European Union to lead and co-ordinate the international observation of Palestinian elections due later this year marking the EU's desire to take a more active part in promoting peace. He pledged to give the Palestinians a further \$7m of aid, bringing Britain's total aid to \$22m over three years to 1997.

White House nips Iran oil trade in the bud

Conoco's plan to develop two offshore fields was a deal too far, writes Scheherazade Daneshkhu

If there is one thing which the governments of Iran and the US have in common, it is mutual dislike. Washington accuses Iran of supporting international terrorism and seeking to acquire nuclear weapons while Tehran regards the US as an imperialist power trying to manipulate the affairs of smaller countries for its own benefit.

Yet the US is Iran's sixth largest supplier of goods and US oil companies lift one quarter of all Iranian crude oil exports for sale to Europe and the Far East.

Trade relations between the two countries were set to go a step further last week when Iran struck a deal with Conoco, the Houston-based oil and gas subsidiary of Du Pont, to develop two offshore Iranian oilfields.

Yesterday, however, the White House stepped in, saying President Bill Clinton would shortly issue an executive order barring US citizens or companies from entering into contracts for the financing, supervision or management of oil development projects in Iran.

The US, which broke off diplomatic relations with Iran in 1980, prohibits the import of Iranian-origin goods and the export of advanced technology or arms. The Conoco agreement, which was signed between Iran and a non-US subsidiary of the oil company, was legal, but US officials described it as "unhelpful" and running counter to the thrust of Washington's foreign policy.

'US firms insist on cash payments so you could almost say all the countries rescheduling Iranian debt are financing US trade with Iran'

In Azerbaijan

Mr Clinton's Democratic administration has taken a more hard-line attitude towards Iran than the previous Republican government. Its strategy is to put pressure on Iran to abandon policies which are against US interests or are unacceptable to it.

Washington has five main areas of concern: it alleges that Iran supports international terrorism; is intent on acquiring weapons of mass destruction, including nuclear weapons; is opposed to the Arab-Israeli peace process; is engaged in efforts to destabilise its regional neighbours; and abuses human rights.

Unlike the Republicans, which sought to play Iran and Iraq against one another, the Clinton administration has followed a policy of "dual containment". This does not mean the two countries are treated in the same way, but that both are regarded as enemies whose influence should be contained.

Nevertheless, while policymakers are united in their opposition to dealings with President Saddam Hussein's Iraq, opinion is more divided over the best way to "contain" Iran.

This difference of opinion is greater

between the US and some of its Group of Seven leading industrial allies, principally Germany and Japan which are Iran's main trading partners. Attempts to isolate Iran politically and economically have been made easier by its slide into international debt three years ago which have obliged it to reduce its international trade by cutting imports.

Washington has tried to convince Iran's trading partners to withhold credits and money for development and not to reschedule debts on favourable terms. However, last month, Hermes, Germany's state credit insurance company, reopened limited credit for exports to Iran of DM50m (\$21.7m) for short-term credit and DM100m for medium and long-term credits and has rescheduled DM4bn of Iranian debt. Japan's Ministry of International Trade and Industry re-established limited cover last year and Switzerland's credit guarantee agency, ERG, also resumed cover earlier this year.

Germany argues that Iran's geographical location and its religious and cultural influence over other countries in the region make it difficult



D'Amato introduced bill

to ignore. "You cannot force a large country to do what you want it to do by isolating it," said one official.

Japan is to decide this week whether to provide Iran with long-suspended loans to help Tehran build its largest hydro-electric power plant. Suspension of the aid would amount to an embarrassing defeat of the Japanese foreign policy principle that questionable regimes should be engaged rather than isolated.

Approval is bound to impair relations with the US, its most important ally. Early this month, Mr Winston Lord, assistant secretary of state in charge of east Asia policy, said in Tokyo that the US had "quite specific ways to demonstrate" that the Iranian government had helped international

terrorism. A Japanese foreign ministry official, however, said, after meeting Mr Lord, that the US had shown Japan "only some of the evidence, which is circumstantial".

Some of Iran's trade partners believe the US is in no position to preach. "American firms insist on cash payments so you could almost say that all the countries which are rescheduling Iranian debt are financing US trade with Iran," said one. Others maintain that US trade with Iran is much higher than the \$20m of exports for the first nine months of last year cited by the US Commerce Department.

However, American officials say a trade figure of \$1bn sometimes quoted is hugely exaggerated, even if it includes re-exports through third countries. Iran, which trades a delicate political path at home by condemning Washington on the one hand and signing deals with US companies on the other, needs investment and technology for its oil industry. Washington has so far pulled back from halting extraction of Iranian oil. This is what is proposed under a bill brought forward by Mr Alfonse D'Amato, chairman of the Senate banking committee, to be debated today, which would prohibit US oil companies from lifting Iranian oil.

The Clinton administration may be tempted to reconcile its increasingly divergent political strategy with its trade position by imposing comprehensive trade sanctions against Iran. But if it does so, it will have taken the most extreme political course open to it, and one which will signal a fundamental shift in policy.

INTERNATIONAL NEWS DIGEST

Kuwaiti budget curbs mooted

Kuwaitis were told yesterday that welfare benefits should be curbed and utility fees raised to cut a big budget deficit resulting from low oil prices. The statement by Nasser Abdullah al-Rodhan, finance minister, in a parliamentary debate on state benefits brought protests from members of the opposition-dominated assembly, defenders of the Gulf oil state's generous welfare. Some deputies said most Kuwaitis were not rich and could not afford to pay increased public utility charges. Mr Rodhan said he wanted to impose fees for state services to try to curb a deficit equivalent to almost a quarter of gross domestic product, to rationalise the use of public utilities and to develop non-oil revenues. Mr Rodhan said the government annually spends KD200m (\$427m) on subsidising electricity, KD64m on subsidising water and KD278m on free medical services. These amount to almost 40 per cent of the KD1.5bn dinar budget deficit projected for the 1994/95 fiscal year ending on June 30. *Reuters, Kuwait*

Saudi recycling plant to open

A Saudi-German project to recycle batteries and other lead scrap into usable alloyed ingots is due to start commercial output at the end of next month a company official said yesterday. Mr Anas Hafiz of the National Lead Smelting Company said the SR120m (\$260m) plant in Saudi Arabia's capital Riyadh would have a capacity to recycle 30,000 tonnes of scrap a year to produce 18,000 tonnes of lead. The Saudi company, Dallah al-Baraka, holds 51 per cent of the project; Germany's Metallgesellschaft 18 per cent; the Saudi-based National Industrialisation Company 57 per cent; and private investors the remaining 4 per cent. *Reuters, Dubai*

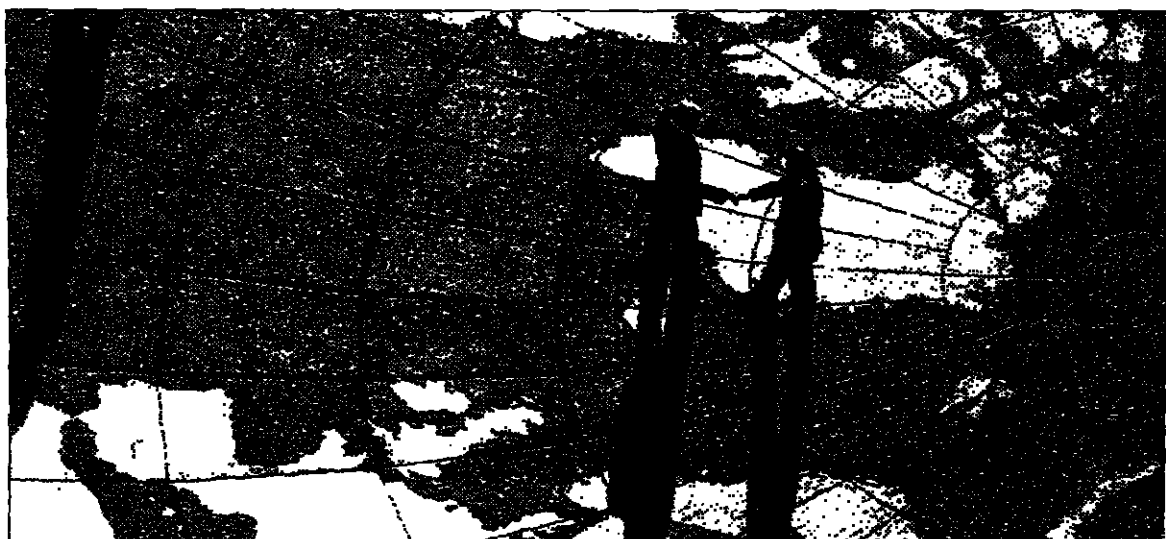
Nigeria foreign exchange ban

The Central Bank of Nigeria has barred five banks as foreign exchange dealers for failing to support in naira their customers' applications for a total of \$4.7m but has offered the dollars via other approved banks. The five banks had a shortfall of N738m (\$8.57m) in their accounts with the central bank. The central bank has been late in disbursing the foreign exchange but says that it began to credit the banks' accounts on Monday. The decision a fortnight ago by the bank to double its first foreign exchange sale of the year to \$405m (\$256.33m) to meet in full demand from the private sector caught some banks and their customers, mainly manufacturers, by surprise. In previous years, demand has been inflated by an unrealistic official exchange rate of N22/\$1 and the bank has allocated it pro rata, but so far this year the central bank has offered dollars at the market rate of N82. *Paul Adams, Lagos*

Kenya closes Meridien bank

The Central Bank of Kenya shut down the country's branch of the pan-African banking group Meridien BIAO yesterday, citing large foreign exchange exposure positions. Mr Mich Chereem, central bank governor, said in a statement that he had appointed a manager to administer the Nairobi branch of the bank and no deposits or withdrawals would be allowed until further notice. No immediate comment was available from Meridien managers. Meridien is a Zambian-based group. The closure of the Kenyan branch comes three weeks after the Zambian government rescued the Meridien BIAO Zambia branch with a K4.9bn (\$3.89m) cash injection to boost liquidity. In documents obtained by Reuters, the Zambian central bank last month had described Meridien's position as "insolvent". They said the central bank had recommended a closure of the bank last month. *Reuters, Nairobi*

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FINANCIAL TIMES
Information

Disillusion at Japan's draft deregulation

By William Dawkins in Tokyo

Japan's leading trade partners yesterday voiced disappointment at the draft of a plan to trim official regulations protecting swathes of the economy from imports.

Diplomats said they saw little progress in a government draft of more than 1,000 proposals for inclusion in a five-year deregulation programme to be launched at the end of this month.

The interim plan appears to do little to address the concerns of foreign exporters and investors, according to the US embassy in Tokyo. "There is no foot dragging but there is little evidence of a great leap forward," said a diplomat at a European embassy.

This initial disillusion bodes ill for Japan's foreign trade relations as, with only two weeks to the launch, the final plan is unlikely to be very different from the draft. Both the US and the European Union are focusing hard on deregulation in their trade diplomacy with Japan.

Timid deregulation could also strengthen the yen, the rise of which is the main threat to Japan's weak economic recovery. Imports have risen over the past three years, but any barrier to their continued expansion could delay a decline in the trade surplus which started late last year.

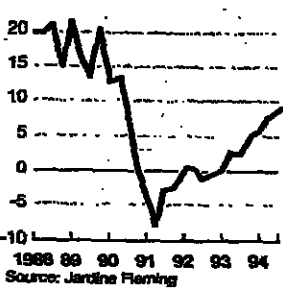
Many measures outlined in the plan have been enacted or already earmarked for deregulation, said diplomats. It includes the cautious opening of the pension fund industry to foreign fund managers agreed at the US-Japan summit in January.

The five-year plan was proposed by the government of Mr Tomiichi Murayama soon after it took office last June. Since then, ministries have been preparing their ideas.

Both government and opposition accept deregulation is vital to generate extra growth from Japan's maturing econ-

Japan

Imports in real GDP
Annual % change



Source: Japanese Planning

omy, to help business in its urgent need to cut costs, and to cut high consumer prices.

Yet some government ministries have shown bureaucratic reluctance to roll back state intervention in the economy. Others are sensitive to influential interest groups such as farmers and small retailers, still hungry for protection.

The draft plan marks some progress. It gives reasoned arguments for deregulation ideas it proposes to postpone, such as ending farm import controls. Previously, such ideas were simply set aside for study. This at least gives foreign governments concrete grounds for negotiation, said a diplomat.

The report also proposes, for the first time, a regular review of deregulation progress, greeted as a sign that economic liberalisation is here to stay, even if the pace will be slow.

Japan's merchandise trade surplus in February rose 5.3 per cent from the same month a year ago to \$11.46bn (£7.25bn), according to a finance ministry preliminary report, adds Michio Nakano. The increase compares with a 54 per cent year-on-year drop in January. Exports showed a gain of 20 per cent while imports were up 28 per cent. The trade surplus with the US rose for the fourth straight month to \$4.89bn, up 13 per cent from a year earlier.

WORLD TRADE NEWS DIGEST

Taiwan sets target date to join WTO

Taiwan aims to conclude talks on its bid to join the World Trade Organisation by mid-year but is continuing to resist pressure for further concessions in financial services.

Differing views over the handling of car imports were another stumbling block to concluding bilateral trade negotiations, Mr Shen Ke-sheng, vice minister of economic affairs, said yesterday.

He said the government would seek to push relevant legislation through parliament by the end of June. "As the thirteenth biggest trading nation in the world we believe our membership in the WTO will greatly contribute to the multilateral trading system," Mr Shen said.

US backing for China's entry into the international trade body, secured in accord reached last week-end, paves the way for Taiwan's entry. It is understood that Taiwan, which Beijing regards as a rebel province, will not be permitted to join before China.

Laura Tyson, Taipei

■ Dyno, the Norwegian chemicals and explosives group, has announced plans to build a combined formalin and resins plant in Nelson, New Zealand.

■ Saudi Arabia will award a \$1bn contract to build a power plant this year, according to Mr Abdul-Aziz al-Zamil, industry and electricity minister.

■ Canadian Marconi, a leading north American electronics group controlled by CIBC of Britain, will supply 28 Satcom antennas to Swissair for its Airbus fleet.

■ Swedish car safety manufacturer Autoliv has launched a third joint venture operation in China, in Nanjing province, to make seat belts.

Ramos goes fishing for Europe's money



Ramos in London yesterday: mission to reawaken the interest of European investors

By Krishna Guha, Richard Lambert and Quentin Peel

President Fidel Ramos of the Philippines yesterday spelt out a strategy of liberalising trade and foreign investment, in a bid to attract European investors to his country.

"The investment drive was accompanied by signing ceremonies in London for major contracts to provide gas and coal-fired power plants for the country's rapidly expanding energy sector."

"We see ourselves as a gateway for European countries like Britain and Spain towards Asia," Mr Ramos said.

Speaking at the end of a European tour which also included the Netherlands, Turkey and Denmark, President Ramos said he hoped to see "a reawakening in this part of Europe."

A list of 2,000 items which foreign investors were not allowed to produce in the Philippines, as well as banned activities, has now been reduced to around 300, according to Mr Roberto de Ocampo, the secretary of finance. This includes banking, infrastructure, retailing and agriculture.

At the same time, the country is seeking investment from its partners in the Association of South-East Asian Nations, in a bid to catch up with the more

advanced "tigers" of the Asian economy.

"Asean is now moving faster than other regional groupings into freer world trade," President Ramos said. "We have to keep in step with our neighbours in the very highly charged world of the 21st century. This means investing even more in our people than in infrastructure."

His government prides itself on a record of accelerating economic growth, and in a democratic system committed to observance of human rights. Top priority for the president is enhancing national stability and social cohesion, and the second priority is economic recovery and promoting sustainable development.

As far as the creaking infrastructure of the archipelago is concerned, he claims that the power crisis of recent years has been resolved and today's investment is intended to develop energy to cope with the growth of the 21st century. Mr De Ocampo said the development of an integrated gas market was central to government energy plans. He said: "This is probably the largest power programme in a long time. It brings together our natural gas reserves, needs for energy and the expertise of First Philippine Gas Power."

First Philippine Gas Power, a subsidiary of the joint venture between British Gas and Philippine investment company First Philippine Holdings, signed a power purchase agreement for a 400MW power plant at Batangas, a crucial step in its \$1bn-\$1.5bn project to develop downstream distribution and transmission markets for the Philippines' newly explored natural gas reserves.

GEC Alsthom, the Anglo-French engineering company, in partnership with Ropewell subsidiary CEPA Slipform of Hong Kong, won a \$1.1bn contract to build a 1,350MW coal-fired power station at Sual in the province of Pangasinan, to be completed by 1998.

First Philippine Gas Power's agreement with the Manila Electric Company is for a combined-cycle gas power plant to supply the region including the Philippine capital. The power plant, expected to be completed in 1998, will initially use fuel oil but is designed to use natural gas from the Malampaya offshore field, operated jointly by Anglo-Dutch oil group, Shell, and Occidental of the US. Gas from this field is due to come on stream in 2001-2002.

Mr Philip Rogers, executive director of British Gas, said: "We see this contract as a first significant step."

Subic Bay takes aim at Japanese investors

By Edward Luce in Manila

The former US naval base at Subic Bay in the Philippines has been stepping up its drive to attract foreign investors.

Conscious of the key role played by Japanese investment in boosting the neighbouring economies of Thailand and Malaysia, the Subic authorities have sustained a high-profile campaign to persuade Japanese multinationals to locate shopfloor operations in Subic Bay.

"We should make sure the Philippines is stable, secure and consistent with its policies," said Mr Richard Gordon, chairman of the Subic Bay Metropolitan Authority, who is accompanying President Fidel Ramos on an "economic diplomacy" tour of Europe.

Mr Gordon will hold talks

with Lord Sterling, chairman of P&O, the UK ports and shipping company, to discuss the company's bid to redevelop some of the \$8bn of port and urban facilities left by the Americans in 1992.

P&O is monitoring the decision by Federal Express, the American parcel delivery service, to move its Asian hub from Anchorage in Alaska to Subic Bay, 65km north of Manila. Three Federal Express MD-11 aircraft and three Airbus 310s will begin intensive regional nightflights from the airport's modernised runway on 1 May.

Since the US navy was ejected from Subic Bay by the Philippine Senate two years ago, 113 foreign companies have moved their operations to the duty free zone and pledged investments of \$750m. The

port's infrastructure and easy access to the Asian region have been cited as deciding factors.

Backed by the Taiwan government and the Subic Bay Metropolitan Authority, 45 Taiwanese companies last year announced they would invest \$423.7m to develop a 300-hectare industrial park in the centre of the zone.

Reebok Taiwan, the sports shoe manufacturer, Enron, the US energy conglomerate, Thomson audio, a subsidiary of the French audio and communications group, and GKN, the British engineering group, have set up facilities employing 13,000 workers out of the original 40,000 who had depended on the presence of the US Navy.

Cathay Pacific, the Hong Kong airline, and Makung Air-

lines, a Taiwanese carrier, are reportedly ready to launch commercial passenger services later this year after the 2.7km runway has been upgraded - it is due to be ready for international passenger and cargo aircraft by April 30.

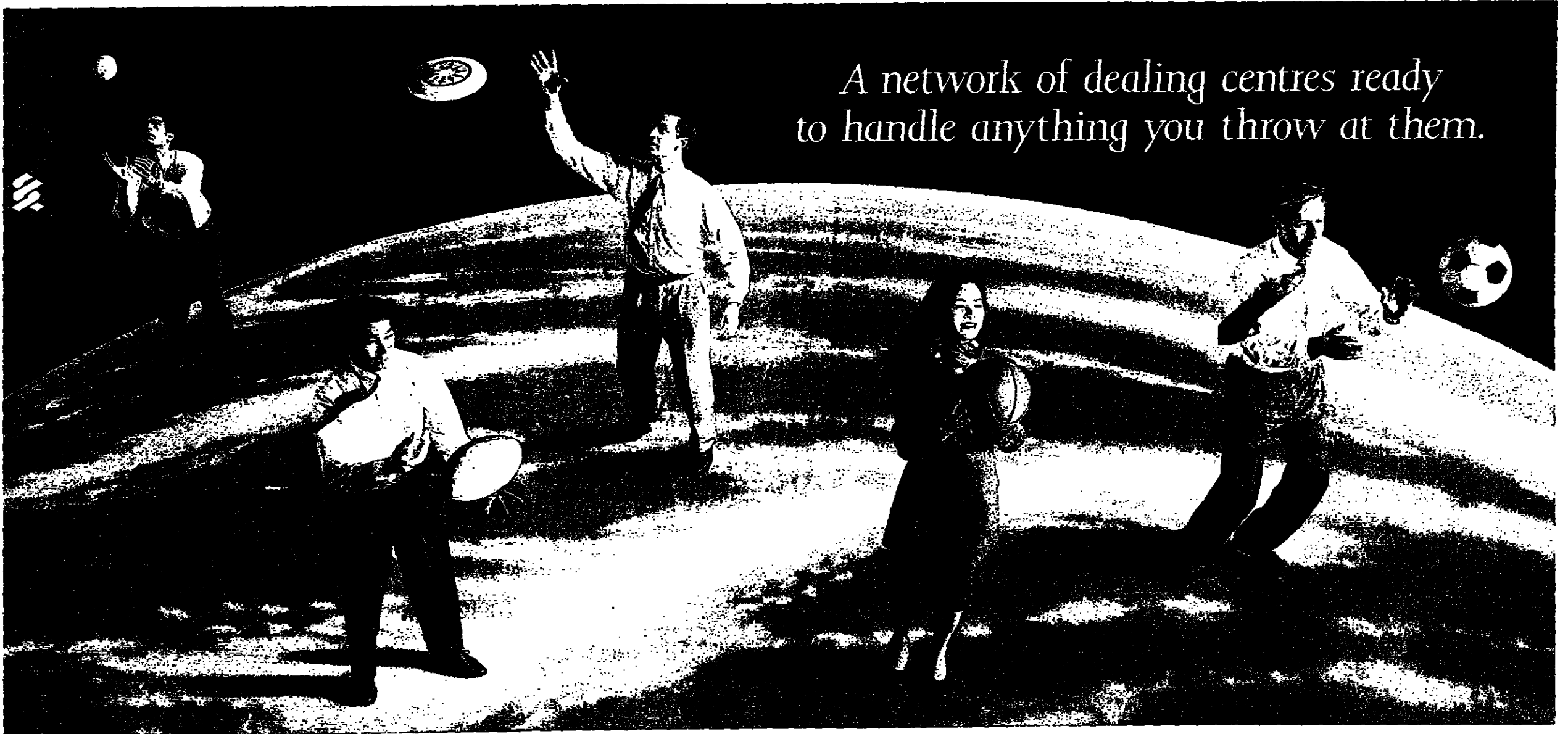
A Malaysian Hotel and Casino group, Metroplex Berhad, announced last week it would build a 450-room hotel and a new convention centre in time for the arrival of the regional heads of state for the Asia Pacific Economic Co-operation forum next year.

"Our aim is to become the main regional competitor of Singapore and Hong Kong," Mr Gordon said. Mr Michael Le Queux, the British owner of Cambrium International, producer of customised boxes and precision-engineered wooden items, recently relocated from

Hong Kong to Subic.

He said the company's decision was influenced by the lower minimum wage in Subic at 120 pesos per day (\$4). "Subic has all the facilities which Hong Kong possesses: rapid delivery services, container space, modern telecommunications and access to the region," he said. "Subic's real advantage is its workforce which is skilled, English-speaking and cheap."

Critics, however, have attacked the high-profile Mr Gordon - who is being touted as a possible presidential candidate at the next election. Some analysts and economists say the chairman has overplayed Subic's potential and exaggerated the freeport's capacity to compete with regional container and communications giants.



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INTERNATIONAL NETWORKING

NEWS: UK

Manufacturers urged to follow same equipment protection measures used for cars and phones

Police to crack down on computer thieves

By Paul Taylor

Police are to crack down on computer thieves who are wreaking havoc in London's business community, Sir Paul Condon, commissioner of the Metropolitan Police, said yesterday. He urged manufacturers of hardware to do more to deter thieves.

"I would like to see manufacturers of computer equipment looking at ways of reducing the worth of stolen equipment in the same way that makers of, for example, mobile phones and cars have taken action," he said.

"If stolen equipment cannot be used by anyone except the owner, then

it is not worth stealing."

Thefts of computers are growing fast with many thieves stealing machines to order - often for export. Sometimes the thieves, who appear to target especially equipment made by Apple Computer, return a few weeks after their first raid to steal replacement machines. Apple Computer said yesterday that computer theft was "an industry-wide problem" which affected all well-known brands. The company said that it would not comment on specific cases.

Elsewhere a group of thieves posed as removal men when they turned up at a company's research department

in south-east England. They departed with 50 machines. In other cases, including one involving 40 computer workstations at a university site, valuable components have been stolen from machines, rendering them useless.

Some PC manufacturers including IBM, which has worked with the police on a number of computer theft awareness campaigns in recent years, already build-in features to their machines designed to deter thieves.

IBM keeps details of the serial numbers of all the main components in its PCs which are sold through dealers and urges its customers to "tag" PCs

using large plastic plates inscribed with a company names which can be removed only by breaking the computer casing.

The Manchester-based National Computing Centre said the number of reported computer thefts doubled between 1992 and 1994. Conservative estimates put the value of "smash and bash" computer theft - involving break-ins - at about £175m (\$287m) a year. In addition to this, equipment worth about £200m is pilfered.

Some insurance companies now refuse to insure computer equipment and in some cases, the centre says, companies are not disclosing com-

puter theft because of concern about the impact on their insurance premiums.

The Association of British Insurers itself recently set up a computer security working group to quantify computer theft and work out an industry strategy.

Meanwhile Sir Paul also announced that Mr David Veness, Assistant Commissioner Operations, will chair a top-level meeting of police security heads of multinational companies and the National Criminal Intelligence Service later this month when a strategy for dealing with computer crime will be discussed.

Rules 'stifling competition' in telecoms sector

By Alan Cane

The cost of long-distance telephone calls in Britain is declining sharply but competition in telecommunications is being stifled by regulations, an international survey of call costs claims.

The survey, carried out annually by US-owned consultancy National Utility Services, compares telecommunications prices in 10 countries across the world. NUS advises large companies on cost control strategies.

It says that the regulatory regime in the UK supervised by OfTel, the telecoms watchdog, is more beneficial to British Telecom, the UK's largest telecoms operator than to its smaller rivals. BT, formerly the monopoly operator, still controls almost 90 per cent of the market more than a decade after liberalisation.

Mr Andrew Johns, NUS director, said: "We are greatly concerned that this position will not change unless some-

body is prepared to force the issue."

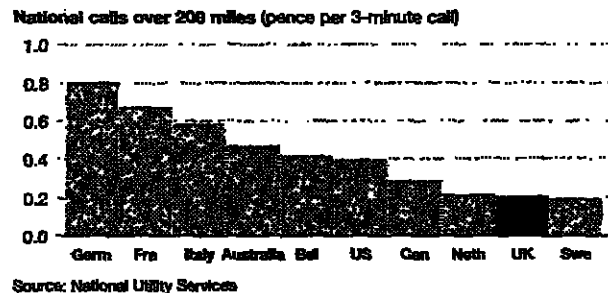
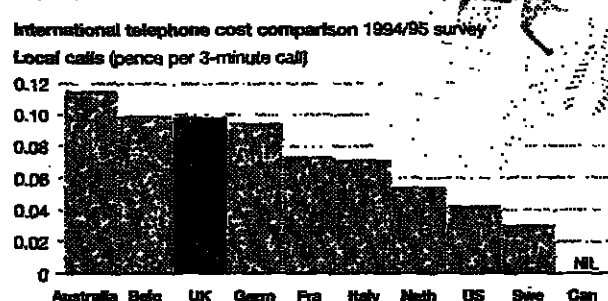
A key concern is the price cap enforced by OfTel which prevents BT from raising its prices on average by more than the retail price index minus 7% per cent. NUS says: "The price restrictions imposed on BT by the regulator are, in fact, having a negative impact on rivals such as Mercury who have been forced to follow suit and apply price reductions in order to remain competitive and guard their market share."

"Unlike BT, which has greater financial muscle to withstand shaved margins, BT's competitors are unable to sustain the reduction in revenues as their margins are eroded."

Mercury last year was forced to cut staff numbers and abandon services including public payphones as margins tightened.

The NUS analysis shows that in the short term UK international call prices are on a long downward curve; they fell 30

The cost of a call



Source: National Utility Services

per cent between 1994 and 1995. The cost of national (trunk) long-distance calls decreased by 12 per cent this year. In areas where BT has little effective competition - local calls, for example - there was no movement in price. The survey shows UK third behind Australia and Belgium in the list of most expensive local call tariffs. Exchange line rentals rose by an average 2.4 per cent. The

survey also confirms Germany as the most expensive country for both national and international calls at £2.44 for a three minute international call compared with 88p in the UK. Local call prices have remained stable throughout Europe, but national and international call charges have tumbled in most countries as suppliers prepare to ward off competition.

Exchange says data on Leeson was inadequate

By William Lewis in Singapore and Nicholas Denton in London



Simex, the Singapore futures exchange, yesterday criticised executives of Barings in the UK and Singapore for failing to give it details of two UK court judgments against Mr Nick Leeson, whose trading activities are alleged to have forced Barings into administration.

Simex, which was responsible for regulating the Singapore-based futures unit managed by Mr Leeson, said it should also have been told that Mr Leeson's application to the Securities and Futures Authority (SFA) in 1993 for a City of London trading licence had been withdrawn after his failure to disclose the judgments.

Simex said the judgments, involving non-payment of private debts - and Mr Leeson's rejection by the SFA - "would have been material in Simex's assessment of Nick Leeson's application to be an Associated Person of Barings Futures (Singapore)".

Simex said there were two county court judgments, totalling £3,000, outstanding against Mr Leeson in 1992. In that year Mr Leeson was transferred by Barings to Singapore after his failure to be granted a licence by the SFA. The UK regulator's refusal came as a result of Mr Leeson's failure to disclose the judgments against him.

The SFA then informed Barings of the reason his application had been refused.

Simex is likely to ask Barings managers based in Singapore to explain their involvement, if any, in Mr Leeson's application to trade at Simex.

With the Monetary Authority of Singapore, Simex has the power to ban individuals from working in the Singapore financial services industry.

A government official said yesterday that: "The future in Singapore of certain Bar-

ings executives looks dim."

Investigators in Singapore probing the causes of Barings' collapse are examining the existence and use of several "error" accounts by traders at Barings Futures (Singapore).

Details of Error Account No 88888, through which Mr Nick Leeson, former general manager of BHS, allegedly ran up losses of \$34m by February 24, have already emerged. The discovery by Barings directors of these apparently hidden losses led to Barings being placed into administration days later.

Now accountants at Price Waterhouse, who have been appointed by the Singapore government to investigate Barings' collapse, are compiling details on another hidden trading book, Error Account No 92000. This account is thought to have been used by BHS traders, including Mr Leeson, for trades on the Osaka Securities Exchange.

CORRECTION

John Bolsover

The FT yesterday named Mr John Bolsover, chief executive of Baring Asset Management, as one of the former Barings directors affected by a temporary ban imposed by the Securities and Futures Authority. In fact, Mr Bolsover continues to hold the position of chief executive of Baring Asset Management with the full support of Imro, its regulator.

Adams hopes US office will move party into political mainstream

Irish premier to soften his message

By Jurek Martin in Washington

Mr John Bruton, prime minister of the Irish Republic, is to depart from tradition in his St Patrick's Day message to be delivered in the US on Friday.

He told US reporters in Dublin that, rather than call for "one united Ireland," he would advance the concept that "within one territory you can have two nationalities of equal legitimacy, living and sharing the same space and the same streets" regardless of which state they formally belong to.

Unimpressed by this was Mr Gerry Adams, leader of Sinn Féin, who was visiting Washington yesterday. "There are presently two states, but the desire of the vast majority is for one," Mr Adams said flatly.

Mr Adams came to the nation's capital to open a "diplomatic response" to the six-month-old IRA ceasefire. It still left "30,000 minus 400" British soldiers behind.

Mr Adams went on to open the new offices of the Friends of Sinn Féin, which he freely described as a diplomatic mission soon to be supplemented by one in Brussels, that would seek to engage the full spectrum of American political and public opinion. Asked how it could be considered a diplomatic mission in the full sense, he replied "well, we're not the government - yet."

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Yesterday afternoon Mr Adams went to the White House to meet Mr Anthony Lake, President Bill Clinton's national security adviser. Mr Adams stoked the fires of the

current war of words between London and Washington by saying that Mr Clinton was to be "commended for giving us equality of treatment."

He will return to New York for a fundraiser today (\$200 to 400 people at \$200 a head) before coming back to the capital for tomorrow's congressional lunch, hosted by Mr Newt Gingrich, the Speaker, and Friday's St Patrick's Day White House reception (to which the British ambassador here has not been invited).

The lawyer responsible for setting up the Friends of Sinn Féin office here confirmed that it had not been possible to reach an agreement with Price Waterhouse to audit the fundraising books. But he said another firm would be found.

PM finds an ally in a sea of military hardware

The three soldiers in camouflage gear, standing on the back of a Jeep and each totting an AK 47, beamed when asked what they thought about Mr John Major's visit to Gaza. "It is good, it is good," they chimed, though refrained from firing the traditional volley of shots in the air.

Together with about 300 heavily armed police, soldiers and Patah Hawks - PLO chairman Yasser Arafat's Praetorian Guard - they were gathered in intimidating groups outside the Palestine Hotel on the Gaza coast.

A pair of Israeli F14 fighter aircraft buzzed back and forth, maintaining a hawklike watch on proceedings. A handful of

Robert Peston accompanies prime minister Major and a team of leading business executives to Gaza

Mr Major's personal bodyguards loitered, conspicuous in their dark suits while everyone else was in uniform.

The hotel itself, with its 1950s box-like design and fading whitewashed walls, would not have looked out of place in a shabby English resort. However, no British seaside hotel has ever been witness to so much military hardware.

It was a historic meeting. Mr Major is the first leader of a big western nation to visit the embryonic Palestine state - based on the regions of Gaza and Jer-

icho - since it was granted partial autonomy from Israel as part of the Middle East peace process a year ago.

At a lunchtime press conference, Mr Arafat was asked whether he supported Mr Major's demand that the Irish Republican Army should decommission their weapons. Mr Arafat said: "I am encouraging all the parties everywhere, not only here, not only in Ireland, but everywhere, to firm up the peace process."

The prime minister looked relaxed by the side of Mr Ara-

fat. At one of the day's many photo-opportunities, he said in a private aside to the former guerrilla leader: "What we should do is charge \$100 admission to the media. You could do great things with that."

Mr Major was in Gaza at the head of what he described as "the strongest team of British businessmen ever to leave Britain's shores". They include Sir Richard Greenbury, the chairman of Marks & Spencer, Mr Richard Giordano, chairman of British Gas, and Sir Martin Jacob, soon to take

over as chairman of Prudential Corporation.

Mr Major said they were here to "encourage new partnerships between British and Palestinian firms". The scale of the challenge is enormous, however. Establishing a stable government and thriving economy in the region is "like building a ship in the middle of the ocean in the middle of a storm," said Mr Odin Knudsen, the World Bank's representative in Gaza.

Former socialist Mr Arafat yesterday reiterated his commitment to private-sector ownership. When pressed on his views by Mr Howard Davies, head of the Confederation of British Industry, he said he

wanted "free and private business at all levels by all means".

But he was far more passionate about the need to restore Gaza's infrastructure, which he said had been "destroyed" by 27 years of Israeli occupation. The sewage system has fallen into disrepair. A shortage of schools means that they operate three shifts a day and there are only 0.4 hospital beds for every thousand people. Mr Major announced some aid in these areas.

But on a day when an innocent Palestinian boy was accidentally shot dead in a refugee camp he was due to visit, he is also keen for them to put down their guns.

UK NEWS DIGEST

Minister warns of EU threat to steelmakers

Efficient UK steelmakers could be harmed in the next recession because of the collapse of a restructuring plan aimed at cutting inefficient excess capacity in the European Union, Mr Tim Eggar, industry and energy minister, warned. Failure to cut overcapacity "can only mean that the problem will resurface, unalleviated, with the next downturn in demand, to the detriment of efficient UK producers," he said in reply to a report on steel by a House of Commons committee.

His remarks echo comments last week by Mr Karel Van Miert, European competition commissioner, who said the partial failure of the European Commission's efforts to restructure the industry meant that an opportunity had been missed to find a long-term solution to overcapacity.

The commission had demanded a minimum 15m tonnes of capacity cuts from steelmakers, but they offered only 16m. Mr Eggar said the committee of MPs had correctly identified the continuation of state aids to some European producers as the main problem facing the UK industry. He added that subsidies may endanger attempts to establish "fair and open" markets in steel.

Andrew Baxter, Industrial Staff

Mercedes bus venture starts

A David and Goliath partnership between Optare, a bus manufacturer based in northern England, and Mercedes-Benz has produced a range of large city buses. Under an agreement made less than a year ago Optare has designed and started manufacturing buses to carry 75 passengers on chassis supplied by Mercedes-Benz, which is the world's biggest commercial vehicle maker.

Optare was bought from receivers by its managers and employees in 1993. Mercedes decided to enter the venture with Optare after a long period seeking to exploit the UK large bus market with relatively limited success. Mr Russell Richardson, Optare managing director, said the new Prisma bus would help Optare - where turnover rose by 34 per cent last year to £30m - achieve a further increase to £55m (£57.4m) in the current year. Production of buses of all types has risen from 300 in 1993 to nearly 500 last year, including kits for export.

John Griffiths

Drug tests urged at Lloyd's

Random alcohol and drug tests should be introduced at the Lloyd's of London insurance market to help boost confidence in the professionalism of underwriters and brokers, says an article in the newsletter of the Association of Lloyd's Members. "The era of the 'liquid lunch' at Lloyd's has passed, but Names and investors require confirmation," says the report. The association represents about 8,000 active and inactive Names, individuals whose assets have traditionally supported the insurance market. *Ralph Atkins, Insurance Correspondent*

Channel rail bids arrive

The four consortia competing to build the high-speed Channel tunnel rail link from London to the coast yesterday delivered their bids in "several hundred" large boxes to the London offices of Union Railways, designer of the route. London & Continental Railways, involving Mr Richard Branson's Virgin Group and National Express, the UK bus company, had earlier revealed plans to bid for rail franchises to capture a stream of travellers arriving at the rail link's London terminus.

The four groups were required to make at least seven separate bids to take account of different combinations of intermediate stations on the route and varying levels of services.

EuroRail, which includes construction groups BICC and Trafalgar House, has signed up Lord Parkinson, formerly a cabinet minister in the Thatcher government, to chair its bid team while Green Arrow, comprising Hoechst, Costain and Siemens, has Lord Kingsdown, former governor of the Bank of England, as its head. Union Link, led by AEG, Philipp Holzmann and Mowlem, said a fast link on to Heathrow airport on the far side of London would be possible.

Charles Batchelor, Transport Correspondent

Offshore exploration boost

Oil companies have nominated big new areas for UK offshore exploration, extending from the north and west of Scotland to the south west approaches. The Department of Trade and Industry said nominations for the 17th offshore licensing round were the highest for a recent round. It showed that companies were keen to explore frontier areas where there had been little oil and gas activity.

Under UK licensing procedures companies nominate areas they would like to explore and the government decides which to offer for auction. Mr Richard Page, the junior energy minister, said: "After 30 years of exploration, new ideas are still coming forward. This is a very good indicator for the future of the UK's oil and gas reserves."

David Lascelles, Resources Editor

Soccer stars arrested: Five people including Premier League soccer stars Bruce Grobbelaar, Hans Segers and John Fashanu, were arrested by police investigating allegations that games have been fixed for cash. The fourth person held was Malaysian businessman Heng Guan Lim, who lives in London. Grobbelaar, a citizen of Zimbabwe, was accused last year by a former business partner who claimed that Far East syndicates bet on the results of English matches.

Blocks of history: Office blocks and railway stations are among post-1950 buildings proposed for official classification as having historic value. They include New Zealand House in London and Centre Point, the headquarters of the Confederation of British Industry. Mr Stephen Dorrell, heritage secretary, said many of the proposals might be controversial and could be blocked if there was great public opposition to them.

Firebug milkman jailed: A milk delivery man was jailed for three years yesterday for starting fires in and near the homes of customers who did not pay their bills. A court heard that he and a young assistant twice put fireworks through the letter-box of a householder who owed him £30 (\$49).



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BUSINESS AND THE ENVIRONMENT

The impact of Europe's vehicle population is slowly being reduced, finds Haig Simonian

Drive for the clean, lean car

Mobility for a true green stops at the bicycle. Some might stretch to a Citroën 2CV or, at a pinch, a second-hand Renault 4. But for the politically correct environmentalist, the internal combustion engine symbolises a deep dilemma between practicality and pollution.

The motor vehicle embodies many evils. Cars are noisy, smelly and polluting. Roads disfigure the countryside and spoil cities. A compact vehicle might be acceptable; a limousine smacks of greed and unsustainability.

Such fastidiousness has its justifications. The carbon monoxide and carbon dioxide from exhausts cause global warming. Nitrogen oxides, another by-product, are also major pollutants. Even economical diesels are out of favour after some research has suggested that barely detectable emissions of particulates may cause cancer.

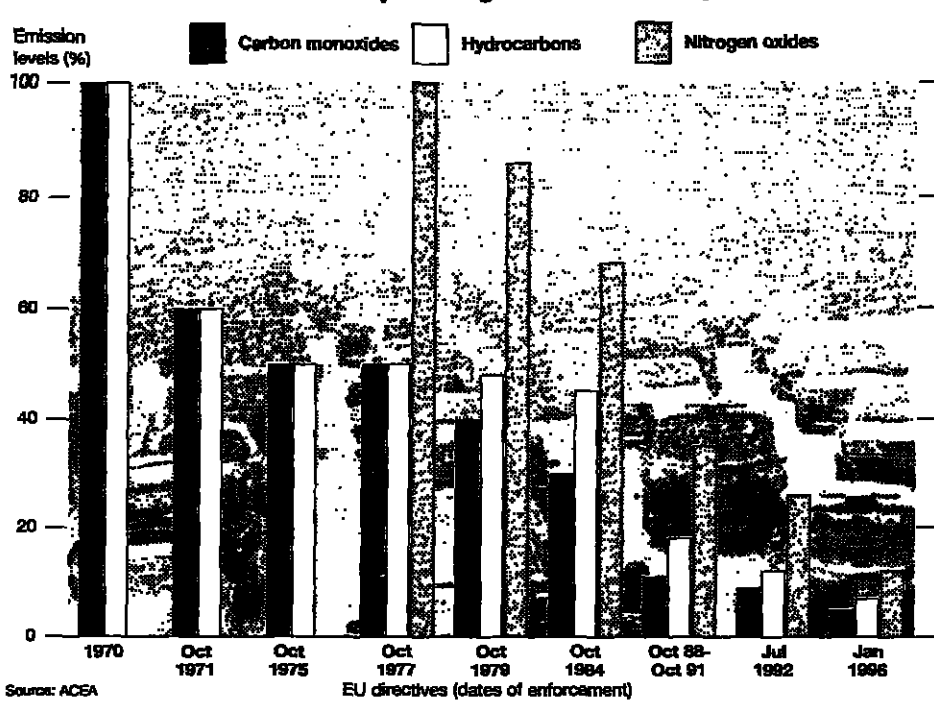
Motor vehicles also consume irreplaceable natural energy resources. And motor manufacturing ranks with oil refining and chemicals when it comes to environmentally questionable production processes.

Rising world affluence and vehicle ownership paint a worrying picture for the future. There are more than 450m motor cars on the roads today. Add to that about 100m commercial vehicles and the total is not far short of 700m.

The Organisation for Economic Co-operation and Development says 75 per cent of vehicles are owned by just 15 per cent of the world's population. What will happen when the developing world catches up with the industrialised countries hardly bears thinking about for most greens.

"Vehicle ownership in China has grown by an average 15 per cent a year over the past decade," says Michael Walsh, an independent consultant. "If

Emission levels from new passenger cars in Europe



ownership levels one day match those of Germany, the world's vehicle population would double."

Rising affluence spells higher congestion and pollution, in spite of the headway made in reducing emissions through better fuel consumption, lead-free petrol and catalytic converters. Technological progress in European motor manufacturing has been counteracted by spiralling vehicle numbers and longer average journeys, leaving pollution levels virtually unchanged. "Last summer's problems with air quality in Europe was a

warning," claims Walsh.

The impasse comes in spite of the fact that emission and fuel consumption standards are being constantly updated. "It is almost 25 years since the European Commission's first directive on environmental emissions," notes Jean-Pierre Reynier, secretary general of the European Automobile Manufacturers Association.

Speaking at a conference last week arranged by Knibb, Gomezano & Partners, an environmental consultancy, he argued that legislation had already revolutionised the motor industry. "A new car

today emits 93 per cent less CO₂ and 85 per cent less hydrocarbons plus NO_x than an equivalent vehicle in 1970."

The regulatory noose is being tightened further. California is pushing the frontiers of technology with its Zero Emission Vehicle legislation.

Europe is belatedly closing the regulatory gap, according to Reynier. But how can the European motor industry, bedevilled by high production costs and rising East Asian imports, adapt to yet another challenge?

Ulrich Seiffert, the board member responsible for

research and development at Volkswagen, is mindful of the difficulties. But as one of the engineers at the forefront of research into vehicles and the environment, he is down, but not out.

Speaking at a conference organised by The Economist to coincide with last week's Geneva motor show, Seiffert identified the fields in which the environmental impact of motor vehicles was being reduced.

● **Weight.** Lighter cars consume less petrol and require fewer raw materials, such as steel. About 60 per cent of fuel consumption is mass dependent. Instead of slimming, however, cars have been getting tubbier over the past decade. The weight of the average car has climbed by about 100kg, according to Seiffert.

About half the increase stems from new safety features, such as side impact bars, seat-belt pre-tensioners and airbags. Extra emission control equipment has added around 10kg, while rising demands for better equipment and comfort have contributed about 40kg.

Manufacturers are starting to fight the flab. Bodywork accounts for 20-30 per cent of overall weight. Substituting aluminium for steel, as in VW's up-market Audi A8 saloon, could save up to 150kg, reckons Seiffert. "An aluminium body means a car can offer the same performance from a six cylinder engine as from eight cylinders," he says.

Aluminium will also make inroads into engines, meaning that current exotics, such as aluminium crankshafts, will become commonplace.

Magnesium, another light-

weight metal, will also gain ground. Although once dismissed because of its high combustibility, magnesium alloys will be used in applications, such as seat frames and dashboard stiffening, where they are not exposed. In some places, such as gearbox casings and engine blocks, they may supplant aluminium.

By contrast, Seiffert reckons plastic, which now accounts for about 15-20 per cent of a car's weight, has reached its peak. "Plastic is not always as weight-saving as other materials. And if you use reinforced plastics, you start getting recycling problems," he says.

● **Electronics.** The intrusion of the microchip into the motor will march on. For some time, cars have been using sophisticated electronics for engine management, emission controls and even transmission ratios. However, there is still a long way to go.

"Affordable technology is the way for the future," says Claire Holman, an environmental consultant.

Increasing computerisation will blur the distinctions between electronics and mechanics. That will be most

obvious in engine management where electronic fuel injection is making the carburetor redundant. "There's still a lot of room to achieve a better burn by improving how we manage gasoline," says Seiffert.

Electronics will also make inroads into gearboxes and drive trains. Continuously variable transmission, for example, which has proved less popular than manufacturers expected, could be revitalised by added electronics to raise efficiency above even the best manual boxes.

● **Engine.** The biggest change will be in this area but that does not mean electric powered cars will take over tomorrow. Seiffert reckons it will be 2010 before electric vehicles take even 5 per cent of the market. "The energy content of diesel and petrol fuels is so high that it will be very tough for any alternative to compete," he says.

In the meantime, petrol and diesel will roll on. Petrol engines will become leaner burning and have more valves per cylinder.

Variable intake manifolds and valve timing mechanisms

will also become the norm. But the biggest developments will probably come in diesel. The growth of diesel-powered passenger cars has largely been tax-driven, because of different national excise duties on petrol and diesel.

But diesel may come into its own as technology develops. Direct injection diesels, first seen in commercial vehicles, will lead the way.

Direct injection allows substantial fuel savings and improved engine performance by burning fuel more efficiently than in conventional diesels. Other combustion technologies being investigated include high-pressure distribution injector pumps, unit injectors and common rails.

Current research into higher injection pressures (1,800 bars against 1,000 bars today) could improve performance. Fuel consumption should rise by about 8 per cent and engines provide more pulling power at lower speeds.

But diesel leaves many greens gasping. Although manufacturers claim it is cleaner than petrol, memories of overloaded trucks belching out smelly black fumes are hard to extinguish. As for particulates, the evidence is still unclear.

Either way, there is little sign that shifting to diesel will make the motor car any more palatable to environmentalists. For the foreseeable future, two wheels will remain greener than four.

Strange case of Dolly Varden

Ken Gooding reports on an Alaskan mystery involving fish, miners and environmentalists

When more than 200 Dolly Varden char, trout-like fish, were found dead in a pond near the town of Juneau in Alaska, the finger of suspicion immediately pointed at the historic local gold mine.

There was concern that whatever had killed the fish might contaminate the wells from which the town draws some of its water supply.

The case against the mine hardened when close examination showed the fish had abrasions on their gills caused by rough sediment. Samples of sediment taken at the mine by a local environmentalist matched those in the fish gills.

Operations at the mine came to a halt. Echo Bay Mines, one of the biggest gold and silver producers in North America, which is hoping to reopen the mine, called Alaska-Juneau, had been doing exploratory drilling there.

The company co-operated with state and local authorities as they attempted to pinpoint the cause of the fish deaths.

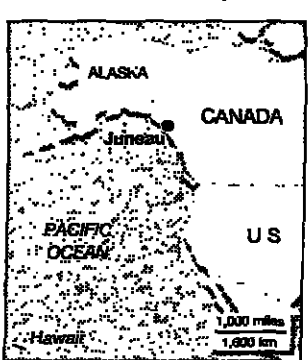
This included carrying out two biological studies, one to see how char reacted to sediment in water. Increasing quantities of sediment were added to water until the water would absorb no more. Not one of the fish in the water died.

The second study looked at invertebrate animals in the

local streams. This found that the closer the streams were to the mine, the more invertebrates there were and the more healthy they became.

Also, sediment samples taken from various areas near the town were found to be identical to that in the fish gills - and at the mine. The sediment, it seemed, could have come from anywhere in the Juneau area.

The first dead Dolly Vardens were found on March 3 last



year. In January this year more char died. But this time Echo Bay representatives were on hand to establish the cause and to video some of the consequences.

The fish died because the pond had dried up. The Echo Bay people broke through the ice covering the pond to find all the water had gone. Some char, seeking any drop of moisture, were burrowing down into the

sediment at the bottom of the pond.

Why did the pond dry up?

The weather was freezing and this had two important effects. First, there was less water coming down the streams which feed the pond and the Juneau wells. Second, Juneau is a long-established town with many old buildings. Some residents have a simple method of preventing water pipes freezing in deep winter - they leave taps dripping slightly or put a nail under ballcocks in toilets to keep water constantly running.

Consequently, demand for water rises sharply at the very time when supply is falling. It turned out that the town's water company had pumped the pond dry.

Richard Kraus, Echo Bay's president, says the incident brought his company some benefits. For example, it showed the local community that Echo Bay was willing to co-operate when there appeared to be a problem. "It brought us closer to the local people."

Nevertheless, he suggests it was another example of the highly active, anti-mining lobby in the US in action. It also cost Echo Bay a great deal of management time that could have been more profitably employed in other ways.

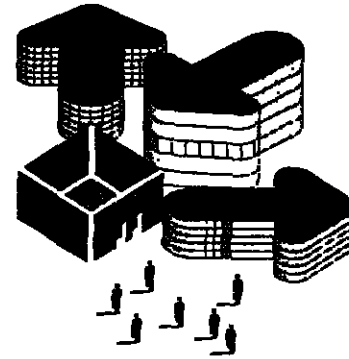
Also, the investigations cost the company between \$1m (£600m) and \$1.5m.

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Television/Christopher Dunkley

In thrall to political correctness

There is, it seems, no truth in the rumour that the Independent Television Commission (ITC) is considering banning from television all images of the crucifixion on the grounds that they might encourage impressionable children to nail one another to crosses and ram crowns of thorns on one another's heads. On the other hand they really are considering banning the hilarious "No more Mr Nice Guy" commercial for Walkers crisps in which Gary Lineker steals a boy's crisps and hurries away, pursued by the boy. The ITC, we are told, is concerned that "People think this might send signals that it is all right to walk away with a stranger". Presumably "people" does not mean "everybody", but "a tiny minority of the culturally challenged".

British television has always suffered from a conviction among Those Who Know Best that all programmes should be acceptable and unworrying to an eight-year-old delinquent. That is why British television has never become a proper, grown up medium of expression.

There was a time when it looked as though we might break out of this strait jacket, a time when, with people such as Hugh Greene at the top of the BBC and Denis Forman at ITV, it seemed that non-conformism would play a powerful part in raising television to the level of senior mass medium. Greene took pride in making room for mischief such as *That Was The Week*, and Forman (who ensured that Granada made *Jewel in the Crown*) was a powerful champion of his journalists, even if it meant confrontation with the government. Today you

wonder whether the suits running television really care - or know - about programmes at all. When Michael Green, chairman of Carlton Communications, one of the biggest television companies in Britain, made a rare appearance in print last week, his *cri de coeur* had nothing to do with programme content and everything to do with cross-media ownership. In other words, the desire to be allowed to own more.

On the same day it became known that *Spitting Image* will end after its 1995 autumn series. Since it was never as good as its keenest admirers pretended, and had anyway lost its novelty value long ago, its demise is no great tragedy. But it is worrying to wonder what might take its place, if anything. The writing was rarely as impressive as the caricatures, yet the series was tremendously valuable in proving that television could carry on that powerful English tradition of non conformism and hostility, even contempt, towards established power groups (satire, if you must) established by Swift and Gay, Gillray and Rowlandson. Will anything remotely like *Spitting Image* be made by ITV after 1995? I doubt it.

Conformity and political correctness have become the orders of the day in television. Where the print medium can offer you a whole range of political flavours, from the right wing populism of the Sun to the softish leftist agonising of the Guardian, television cuts its coat according to the government's cloth. If the government says that television must not allow the public to hear and see Gerry Adams speaking, even

though he represents a legally accepted organisation, then television kowtows. No broadcaster even goes so far as to test this highly questionable ruling in the courts.

Above all, television has swallowed the feminist myth about the universal ghastliness of men and sanctity of women. BBC2 has started a new comedy called *Game On* in which two young men and one young woman share a flat. Martin and Matthew are dead ringers for Beavis and Butt-head: foul mouthed wimps who are obsessed with girls but inadequate in all departments. In particular, although they talk endlessly about "shagging", they are hopelessly sexually inept. Mandy, however, being female, is completely together and a tireless shagging machine. When she goes out chubbing she has to dismiss a whole queue of absurd and offensive men before she finds something she is willing to smog. This week when Martin was trying to cut a label off Mandy's dress he claimed he could see her nipples. "No you can't", says Mandy "but I can see yours" and to Martin's chagrin she tweaks them through his T-shirt. Then she claims that she rather enjoys having hers tweaked and invites Martin to try, but he is covered with embarrassment and shrinks away.

Perhaps this is an accurate reflection of the world of twentysomethings. Then again, perhaps it is just a part of the TV fantasy world which you have to inhabit before the PC conformists who dominate broadcasting will allow you in. *Band of Gold* is a new Sunday night drama serial on ITV which does at least deserve credit for not being about doctors, lawyers, or the police. Instead it is about prostitutes, and it may yet turn

out to have considerable qualities. But it was very noticeable in the opening episode that it subscribed to the "All men are bastards, all women are saints" school of feminist philosophy. Any positive aspect of any female character is credited to the woman's natural virtue, anything negative results one way or another from her relationships with men.

As for the new Monday night serial *She's Out* - ITV again - it apparently purports to be some sort of distasteful version of *The Magnificent Seven*. There is a shot, admittedly so brief as to be almost subliminal, at the beginning showing the women on horseback, brandishing guns and drawn up in a pastiche of the famous seven-strong phalanx. However, just as the original Dolly Rawlins drama, *Widows*, was morally doubtful, seeming, as it did, to condone whatever these criminals might do on the grounds that they were women and therefore victims, so this new one also seems in danger of moral confusion. The point about the male Magnificent Seven was that, whatever their antecedents, they had become white hats because they were riding to the rescue of persecuted peasants. Apart from Dolly, who talks, incredibly, about opening a sanctuary for unwanted children, the women here appear to be as intent upon criminality as ever. Are we supposed to admire them whatever they may do, or say merely because they were brilliant enough to get themselves born female?

Television has many virtues and many strengths, but so long as it cleaves fearfully to the shibboleths of political correctness and Those Who Know Best, so long will it fail to be seen as a proper adult medium of expression.



Moral confusion: Anne Mitchell as Dolly in 'She's Out'

Theatre/Alastair Macaulay

Ain't Misbehavin'

Rhythm - bubbling, stamping, incisive and explosive rhythm - comes cascading from the stage in *Ain't Misbehavin'*, the Fats Waller musical show at the Apollo Theatre after its triumph this January at the Tri-City. The show is composed of umpteen hits - "Your Feet's Too Big", "Honeysuckle Rose", "The Joint is Jumpin'", "I'm Goin' to Sit Right Down and Write Myself a Letter", and many more - but larger than the sum of these parts is the infinitely varied but extraordinarily vital Fats rhythm. It is the rhythm of the jazz age, and the beauty of the show is that we seldom feel any divide between that era, in which Fats worked, and our own.

Rhythm is the temporal organisation of energy, and it is the generosity of Fats's energy that makes his own recordings so exuberant. It has attack, it has surprise, it has flow. This production of the 1978 anthology of his songs has plenty of energy, but occasionally the staging errs by overplaying the audience-oriented surface of these numbers, and underplaying their deeper wellspring. There could be less bright-eyed posing and more give in Gillian Gregory's choreography.

But the staging of this *Ain't Misbehavin'*, jointly directed by Gregory and Nicolas Kent, is in most respects a peach. Waller's songs reflected vividly the sexism and racism of his time, and the fact that he showed that blacks were oppressed and that women had to cope with male expectations is present here without apology. No apology could be needed, because from first to last the show celebrates blacks and women - makes them, in fact, irresistibly subversive. Subversiveness is integral here: witness the line "everybody's here but the police" - and they'll be here any minute. "I dreamed about a reefer five feet long": "You'll find it always pays to be futuristic": "I'll be happy when

the nylons bloom again..." The lines are as infectious as the rhythm.

In perhaps the most insidious number of all, the slow "Lounging at the Waldorf", you see - with the evening's cleverest choreography - the jazz dream of elegance, elegance democratically available to all and secretly laughing at itself. The offstage behind-the-curtain beginning, the decor of a giant piano keyboard up and down which the cast of five step, the brilliant colour of the post-cubist drop-curtain: these elements of Bunny Christie's design are perfect, both in historical sense and in their sheer fun for us now.

That the music never fails is due principally to Clement Ishmael, music director of the production and its excellent pianist. Pianism was the core of Fats's work. He did not compose all his songs, but, when he handled those of others, he transformed them; and the transformation began at the ivories. Because, however, this is a stage production, it places its emphasis on its visual ingredients: notably on its five singers. Best is Melanie E. Marshall, who combines black-mama stand-and-give vitality with the lyric purity of the classically trained singer. Dawn Hope is the opposite, a bubble-and-squeak dynamo. She has played Josephine Baker in two different shows, and we can see why. Ray Shell, Debby Bishop, and Sean Palmer also make strong contributions. Individually, I note that Shell is too calculating a performer, Bishop's husky voice is in too parlous a condition, and Palmer's musculature too tight for those Nicholas Brothers jumps-into-the-splits and bounce-back-up-again that he attempts. But the ensemble is spitting; the band excellent; and the harmonies and polyphonies of the musical arrangements are simply radiant.

At the Lyric Theatre, WCI.



Irresistibly subversive: Dawn Hope and Sean Palmer

Of my enduring theatre memories is of seeing Terry Nason play Edith Piaf. Anyone physically less like the "little sparrow" it is hard to imagine: Terry Nason is a statuesque lady with a strong, handsome face and a mane of thick hair, who looks in robust health. Yet she was convincing - for she has something of the same ability as Piaf to pour out a song with such passion, at once proud and vulnerable, that you feel her life depends upon it.

This is Nason's forte, and when she plays to it, she is magnificent. The high notes of her new show at the Lyric Studio, *Hammersmith* are the points where she does just that. *Screams and Kisses*, a cabaret-style collection of songs and poems, is an enjoyable tour around the follies of

Screams and Kisses

love - foolish love, crazy love, insane love. Nason interweaves the weightier moments with sardonic little verses from the likes of John Hegley, Dory Previn, Peter Nardini and Liz Lochhead, most of them about the mismatch of the sexes.

This is all enjoyable stuff, delivered with wit and relish, and Nason moves smoothly from one mood to another in her deftly shaped programme. Of the songs, she is best with Jacques Brel delivered neat - "Marieke", "The Old Folks" and "Sons Of" are all powerful and moving, sensitively accompanied

by Brian Prentice on keyboards.

Far less effective are the songs she tricks out with manners - twirls and swirls and arch little movements - where she undercuts her own ability by overacting and ricocheting from one style to another. It is disconcerting, as if she is nervous about her power to just hold the audience straight and feels compelled to appeal to them with frills - whereas when she just goes for the song at full throttle, she is irresistible.

She finishes the first half with a splendid rendition of "Lover Man", poured out in her full, rich, dark voice, full of naked yearning, that has the audience in the palm of her hand. This is what we want: fewer lollipops, more Terry's All Gold.

Sarah Hemming

Concert/Adrian Jack

Sawallisch and the Philharmonia

Wolfgang Sawallisch is a rare visitor to London but on Saturday the Philharmonia Orchestra lured him over to conduct two Strauss tone-poems, *Schubert and Ein Heldenleben*, and Schumann's Piano Concerto, in which Peter Donohoe replaced the indisposed Murray Perahia.

It was a good performance, and could have been still more enjoyable if Donohoe had been given a less thin-toned and clattering Steinway to play. Towards the end of the finale, where Donohoe shimmered merrily, neither more nor less than the music allowed, he sounded monotonously mechanical, simply because the balance with the orchestra was unduly in his favour. But he played Schumann's fully composed cadenza in the first movement extremely well, in one certain flow.

Macbeth was Strauss's first tone-poem and it offers a field-day to the brass. It is almost an essay in fanfares, and with his tight electric gestures, Sawallisch got excitingly

incisive results. He also stirred the orchestra to a rousing account of *Ein Heldenleben*, with the leader Christopher Warren-Green accurately capricious as well as sweetly tremulous in his violin solos. With its deliberately preposterous, inflated hero's theme and dramatic plotting, no holds barred, *Heldenleben* works brilliantly at face value as well as a hilarious study in irony.

In their customary pre-concert hour of new music, members of the orchestra played four specially composed tone-poems on a much smaller scale by post-graduate students. Literature and painting often suggest forms or processes to supplant traditional musical models and one of the composers, John Stringer, pretty well rejected the idea of descriptive music altogether. His *Dance Fragment*, which he conducted himself, started with an extremely arresting idea which was extended intelligently, but once a new idea replaced it, nothing again engaged the attention so strongly. Similarly, *Rosie Lindsell's* inven-

tive energy was strong in the depiction of chaos which opened... *Out of the sound and the spinning wheel*, inspired by Dylan Thomas's story, *The Mouse and the Woman*. But then somewhat she seemed to run out of steam, not because the music got simpler, but because it got slack and meandering.

Philip Sheehy did write a genuine tone-poem, *Scooping the Moon*, based on a story by Li Po. It was in a lyrical tonal style, with shapely intertwining lines which did not however, convey very strong character or tension. But the best was Alan Williams's *On Moira's Plain*, based on traditional Irish tunes, matched its material to a lively, simple story line which chimed in a battle - "uncritically", Williams noted in the programme, but the wink at the big guns to come later that evening was effective. The Philharmonia's scheme is good because it offers these composers a platform without setting up undue expectations. Nor did the players, under Martin Andri's direction, appear to stint their efforts.

INTERNATIONAL ARTS GUIDE

BERLIN

OPERA/BALLET
Deutsche Oper Tel: (030) 341 9249
● *Magic Flute*: by Mozart.
Conducted by Lawrence Foster/
Sebastian Lang-Lessing/Stefan
Soltesz and produced by Günter
Krämer; 7pm; Mar 15
● *Martha oder Der Markt zu
Richmond*: by Friedrich von
Flotow. Premiere conducted by
Sebastian Lang-Lessing and
produced by Winfried Bauernfeind;
7pm; Mar 16
● *Ring um den Ring*: by Wagner.
Ballet based on "The Ring Cycle",
choreographed by Maurice Béjart;
7pm; Mar 18, 21
● *The Girl of the Golden West*: by
Puccini. A new production
conducted by Paolo Olmi and
produced by Frank Corsaro. Soloists
include Galina Kalina and George
Fortune; 7pm; Mar 19

FRANKFURT

CONCERTS
Athe Oper Tel: (069) 1340 400
● Chamber Orchestra of Europe:

with pianist Gerhard Oppitz. Iván
Fischer conducts Stravinsky and
Beethoven; 8pm; Mar 21
● Frankfurt Opera House and
Museum Orchestra: Jia Li conducts
Hindemith and Beethoven; 8pm; Mar
19 (11pm); 20
● Radio Symphony Orchestra
Frankfurt: with pianist Tzimon Barto.
Dimitri Kitajenko conducts Ravel,
Gershwin and Mussorgsky; 8pm;
Mar 15 (7.30pm); 16, 17

LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
● London Symphony Orchestra:
Daniele Gatti conducts Wagner,
Hindemith and Tchaikovsky; 7.30pm;
Mar 19
● The Magic of Mackerras: Sir
Charles Mackerras conducts the
Royal Philharmonic Orchestra and
cellist Steven Isserlis to play Dvořák;
7.30pm; Mar 17
● The Magic of Mackerras: Sir
Charles Mackerras conducts the
Royal Philharmonic Orchestra and
violinist Tasmin Little to play Dvořák,
Janáček and Martinu; 7.30pm; Mar
17
Festival Hall Tel: (0171) 928 8800
● Cologne Radio Symphony
Orchestra: with pianist Lars Vogt.
Hans Vonk conducts Beethoven and
Bruckner; 7.30pm; Mar 20
● Royal Philharmonic Orchestra:
with pianist Yefim Bronfman and
conductor Vladimir Ashkenazy plays
Bartók and Shostakovich; 7.30pm;
Mar 21
● The Bach Choir: with the City of
London Sinfonia and conductor Sir
David Willcocks plays Kodály,
Szymanowski and Janáček; 7.30pm;
Mar 18

Queen Elizabeth Hall Tel: (0171)
928 8800
● Deutsche Kammerphilharmonie:
Mikhail Pletnev conducts Haydn and
Mozart; 7.45pm; Mar 18, 19
● London Sinfonietta: Sir Simon
Rattle conducts Poulenc's "Les
Mamelles de Tirésias" and Boulez's
"Le Soleil des Éaux". Soloists
include Lucy Shelton, Barbara
Borrey and Phillip Langridge;
7.45pm; Mar 17

Wigmore Hall Tel: (0171) 935 2141
● Marlinsky-Kirov Series: with
baritone Dmitri Hvorostovsky and
pianist Mikhail Arkadiev. Programme
includes Arie Antiche and songs by
Glinka and Sviridov; 7.30pm; Mar 20
GALLERIES
Victoria and Albert Tel: (0171) 938
8500
● Warworks: women photography
and the art of war. A perspective of
war through the eyes of international
women artists; to Mar 19
OPERA/BALLET
English National Opera Tel: (0171)
632 8300
● Don Giovanni: a new production
of Mozart's opera. In house debuts
for director Guy Joosten and
conductor Markus Stenz; 7pm; Mar
15, 17
● Madama Butterfly: Puccini's
opera, originally directed by Graham
Vick; 7.30pm; Mar 18
● The Cunning Little Vixen: by Leoš
Janáček. Original director, David
Pountney; 7.30pm; Mar 16
Royal Opera House Tel: (0171) 340
4000
● Giselle: music by Adolphe Adam.
A Royal Ballet production
choreographed by Marius Petipa
after Jean Coralli and Jules Perrot
and produced by Peter Wright;
7.30pm; Mar 17, 21

● Salome: by Strauss. A new
production directed by Luc Bondy
and conducted by Christoph von
Dohnányi; 8pm; Mar 15, 18
THEATRE
Vaudeville Tel: (0171) 636 9987
● Killer Joe: by Tracy Letts,
directed by Wilson Milam; 8pm; to
Apr 1 (Not Sun)

NEW YORK

CONCERTS
Alice Tully Hall Tel: (212) 875 5050
● Stuttgart Chamber Orchestra:
Dennis Russell Davies conducts
Diamond, Shostakovich/Bereshal and
Glass; 2pm; Mar 19
Avery Fisher Tel: (212) 875 5030
● New York Philharmonic: with
soprano Gillian Webster. Sir Colin
Davis conducts Mozart and Mahler;
8pm; Mar 16, 17 (2pm), 18, 21
(7.30pm)
Carnegie Hall Tel: (212) 247 7800
● Cincinnati Symphony Orchestra:
with soloists Katia and Marielle
Labèque. Jesús López-Cobos
conducts Wagner and Bruckner;
8pm; Mar 20
● Kiri Te Kanawa: and pianist
James Levine perform their only
New York recital of the season;
3pm; Mar 19
OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● Idomeneo: by Mozart. Produced
by Jean Pierre Ponnelle, conducted
by James Levine; 8pm; Mar 15, 18
● La Bohème: by Puccini.
Produced by Franco Zeffirelli,
conducted by John Fiore; 8pm; Mar
18 (1.30pm)
● La Traviata: by Verdi. Produced
by Franco Zeffirelli, conducted by
John Fiore; 8pm; Mar 17, 20
● Simon Boccanegra: by Verdi. A

new production directed by
Giancarlo del Monaco; 8pm; Mar 16
THEATRE
Roundabout Theatre Company Tel:
(212) 899 8400
● The School for Husbands/ The
Imaginary Cuckoo: by Molière.
Michael Langham directs Richard
Wilbur's translation and stars Brian
Bedford; 8pm; to Mar 17 (Not Mon)

PARIS

CONCERTS
Champs Elysées Tel: (1) 48 52 50
50
● Samuel Ramey: bass and pianist
Warren Jones open the Sony
Classical Series; 6.30pm; Mar 18
● The Royal Chapel Vocal College
of Ghent: with soprano Sibylla
Rubens and tenor Christoph
Prégardien. Philippe Herreweghe
conducts Bach; 8.30pm; Mar 19
Opéra National de Paris, Bastille
Tel: (1) 47 42 57 50
● Chamber Music: with violinists
Frédéric Laroque, alto Jean-Claude
Dewaele and countertenor Thierry
Barbé from the Orchestra of the
National Opera. The programme
includes Bach, Telemann and Mozart;
8pm; Mar 21
GALLERIES
Musée d'Art Moderne, Ville de
Paris Tel: (1) 47 23 61 27
● André Derain: 350 works
spanning his entire career; to Mar 19
(Not Mon)
Musée Du Petit Palais Tel: (1) 42
65 12 73
● Carthage: history, its impact and
resonance; to Jul 2
OPERA/BALLET
Opéra National de Paris, Bastille
Tel: (1) 47 42 57 50
● Magnificat: music by Bach,

choreography by John Neumeier.
Gunter/Rainer Muhlbach directs
this production presented by the
Ballet of the National Opera of Paris;
7.30pm; Mar 17, 18
● The Masked Ball: by Verdi.
Conducted by Antonello Allemandi
and produced by Nicolas Joël.
Soloists include Gégam Grigorian
and Gaetan Laperrière; 7.30pm; Mar
16, 20

WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467
4600
● Stuttgart Chamber Orchestra:
Dennis Russell Davies conducts
Mozart, Schnittke, Britten and
Boccherini; 7.30pm; Mar 20
GALLERIES
National Gallery Tel: (202) 737 4215
● Italian Renaissance Architecture:
Brunelleschi, Sangallo, Michelangelo,
the cathedrals of Florence, Pavia
and St. Peter's; to Mar 19
OPERA/BALLET
Washington Opera Tel: (202) 416
7800
● Tiesand: by Eugen d'Albert.
Roman Terleckyj directs a new
production by designer Zack Brown.
In German with English surtitles;
8pm; Mar 18 (7pm)
THEATRE
Arens Stage Kreeger Theater Tel:
(202) 554 9066
● Hedda Gabler: Henrik Ibsen's
drama, directed by Liviu Ciulei and
translated by Christopher Hampton;
7.30pm; to Mar 19 (Not Mon)

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Financial Times Business

Tonight

Ian Davidson



Answer to the puzzle

It is politics rather than economics that will be decisive for European monetary union

Pro-Europeans in Britain, long beleaguered by the apparently irresistible advance of the Eurosceptic wing of the Conservative party, were buoyed up by the debate on Britain's European policy in the Commons earlier this month. Mr John Major, the prime minister, of course, continued to zigzag and trim. But Mr Tony Blair, the Labour leader, emerged for the first time as a possible champion of the European cause.

Unfortunately, the surge of euphoria by the pro-Europeans is based on shaky foundations. They have had so little reason for cheerfulness in recent years that they are not always clear-sighted. They are tempted to grasp at any straw in sight, and after the debate they were grasping with both hands.

The question at stake in the debate was the project for economic and monetary union, which was launched by the 1992 Maastricht treaty and which is supposed to lead to a single European currency some time in the next few years. Mr Blair made clear that he would willingly join a single currency, provided the economic conditions were satisfied, and provided the people gave the necessary political consent.

Moreover, he asserted that there was no "constitutional barrier" to Britain's joining a single currency because it would not imply a federal Europe. This issue of constitutional principle, he argued, could and should be decided now.

On both issues, he challenged Mr Major to declare his hand, but on both issues Mr Major resisted the challenge. He declared that he could not decide until the implications of the choice were known, and they could not be known until nearer the moment of decision.

The reason why these two leaders speak on this issue as they do is clear and comprehensible. Mr Major is a weak prime minister who has become a prisoner of the Eurosceptics; he may even be a closet Eurosceptic at heart himself. Mr Blair, by contrast, feels personally comfortable with the objectives of European integration, and strong enough in his party not to need to kowtow

to his own Eurosceptics. The uncomfortable paradox for the pro-Europeans, however, is that there is a good deal of truth in what Mr Major said in this debate. They may reasonably suspect his motivation. But the plain fact is that we cannot yet know all the implications of Emu because they have not yet been decided.

According to the Maastricht treaty, the rules for progressing towards the final stage of Emu and a single currency are clear-cut and quasi-automatic. If a majority of member states meet all the necessary budget-

The Bundestag - not the Maastricht treaty or the Commons - will decide whether Emu happens

ary, financial and economic conditions, it could in theory start at the beginning of 1997, but in any case it will start with any country that qualifies, at the beginning of 1999.

On the assumption that these are the two options, economists spend a great deal of time arguing about which countries are likely to meet the minimum criteria, and whether an appropriate majority of states can be assembled in time for the earliest starting date. Some say it is inevitable; some say it is impossible; and others hedge their bets. The trouble is that they spend so much time on the economics that they pay no attention to the politics. And yet everyone knows that it is the politics

which will count in the end. There are two political factors which will be decisive in solving the Emu conundrum: and neither is British: both are German.

The first is that Germany has an opt-out from Emu. It's not normally put that way, but the fact is that Germany cannot go ahead without a vote in the Bundestag. This means that it will be the Bundestag, not the Maastricht treaty - and certainly not the House of Commons - which will decide whether Emu happens or not.

The second factor is that the German political establishment will almost certainly not agree to go ahead with Emu unless Germany's partners agree to significant new moves towards closer political integration. The Germans were disappointed by the Maastricht treaty precisely because the plan for Emu was not matched by corresponding progress towards "political union". Therefore, this defect must be made good in the treaty-revising Inter-Governmental Conference next year. The verdict of one key German politician is categorical: "If the IGC is not a success, there will be no monetary union."

Nobody yet knows exactly what the Germans mean when they talk about "political union". They obviously do not mean the kind of centralised unitary monarchy which figures so regularly in the wild propaganda of the Eurosceptics, because neither the Germans, nor the French, nor any other European country, will vote to disappear in some Euro-megastate. They will probably call for more majority voting in the Council of Ministers, and more powers for the European Parliament. Who knows, they may also demand a strengthening of the economic rules for Emu.

The only thing we know for sure is that the real political terms of Emu are not yet decided. To say this is not to imply that there is, or even likely to be, a "constitutional barrier" to UK membership. But it must be disingenuous or even dangerously misleading for Mr Blair to insinuate that Emu does not have far-reaching political consequences whose full implications have yet to be negotiated. Unless the pro-Europeans come clean over the political purpose of European integration, and persuade the voters that it has positive virtues, it is a racing certainty that Britain will drop out.

At the Congress (I) headquarters in New Delhi, dejected members of India's ruling party point out large areas on a map where it has lost power in state elections since November.

They blame Mr P.V. Narasimha Rao, the Congress leader and Indian prime minister, for the party's latest defeats in elections in Maharashtra and Gujarat, the country's richest and most industrialised states.

This week's reverses follow earlier losses in the southern states of Andhra Pradesh and Karnataka. The defeats have shaken the 110-year-old party which has ruled India almost continuously since independence in 1947, prompting dissenting MPs and party workers to demand changes in Mr Rao's pro-market economic reforms and political policies.

The party has not fared so badly since the aftermath of the state of emergency declared by former prime minister Indira Gandhi in 1977, when voters reacted by delivering a string of electoral defeats to the party. It now retains power in only eight out of 26 states, most of which are too small to have a bearing on national politics.

The dissenters have challenged Mr Rao's authority and questioned his ability to revive the party before the general election due next year. They have also complained that the prime minister has become increasingly authoritarian and lost contact with grassroots workers. A senior cabinet minister says: "Mr Rao has vested all powers with himself, but has no time to devote to party activity."

But loyalists discount this week's defeats on the grounds that they were the result of an "anti-incumbent" or "anti-establishment" vote rather than one directed specifically against Congress. Mr Mani Shankar Aiyar, a Congress MP, says: "The electorate at the state level has almost always rejected governments in power. By the general election, the electorate will be so disenchanted with the non-Congress state governments that we are bound to win."

Loyalists also point to Congress's unexpected victory this week in the eastern state of Orissa as evidence of the party's powers of recovery. Congress established a clear majority and will now replace the Janata Dal government. In Orissa, which is one of India's poorest states.

Analysts predict that Congress will use the Budget, to be

The Indian prime minister is unlikely to be unseated in spite of Sunday's defeats, says Shiraz Sidhwa

Struggle to weather the electoral storm



P.V. Narasimha Rao: has to work hard to resolve party differences

presented in parliament today, to help restore its political standing. It is expected to do this by trying to soften the adverse impact of consistent double-digit inflation in the run-up to the next general election.

There have been hints that the Budget will concentrate on what Mr Rao has called "the human face of reforms". This could mean that it will increase government subsidies, as well as deferring some controversial aspects of the party's economic reform programme such as closing loss-making state-owned textile mills.

As one government economist says: "Mr Manmohan Singh, the finance minister, has 'the unenviable task of convincing the world that reforms are apace, while

appealing Congress vote-banks at the same time".

Congress's strong identification with the reform programme it introduced in 1991 to effect a transition from socialism to a free-market economy may have improved Mr Rao's image abroad. But it has done little to bolster the party's standing at home - especially with poor voters.

Mr P.R. Kumaraswamy, a former member of Mr Rao's cabinet who in 1993 resigned in protest at the government's policies, says: "The party has failed to make people appreciate the social content of our economic programmes. There is a complete alienation of our traditional vote-banks, including the backward classes and the minorities, and we need to address this if

the party is to survive."

Congress has also failed to reassure the Moslems of Bombay that they are safe in India. The party lost in Maharashtra because Bombay's Moslems have not forgotten that the party failed to protect them when riots erupted in the city in January 1993 following the destruction of a mosque in Ayodhya.

But Mr Rao's supporters - and even some of his opponents - believe he will weather the storm, arguing that the dissent simply proves that there is a healthy level of democracy within the party. They say the prime minister is unlikely to be unseated before the end of his five-year term in May next year.

Industrialists and the business community meanwhile, are convinced that neither new state governments nor even a change of leadership at the centre will derail the economic reform programme. They acknowledge that there is some doubt about the pace of change but say reform has gone too far for its general direction to be reversed.

Political pundits now predict that Mr Rao will carry out another cabinet reshuffle. He conducted a minor reshuffle in February after expelling Mr Arjun Singh, his main detractor, from the party leadership.

Many cabinet posts remain unfilled, and many believe that Mr Rao could quell dissent effectively by accommodating disgruntled party members.

Most Congress MPs believe that Mr Rao is tactically in a stronger position than any of his opponents. This is because the prime minister can expel dissenters and dissolve parliament if he chooses. He can also dole out favours and rewards in return for support.

Mr Rao's position is further strengthened because no real challenge has so far emerged to his leadership. Mr Arjun Singh and his ally, Mr Narayan Dutt Tiwari, another seasoned Congress politician and former minister, have failed to channel the disenchantment within the party into calls for

either of them to become leader.

Dissenting MPs have instead appealed to Mrs Sonia Gandhi, the Italian widow of Rajiv Gandhi, the former prime minister, to "come forward, guide the Congress and save the country". They believe only a member of the Nehru-Gandhi family which presided over the party for more than 50 years can save it. But Mrs Gandhi is thought unlikely to challenge Mr Rao in the near future.

Congress's defeat has meant a big gain for India's largest opposition party. The right-wing Hindu Bharatiya Janata party (BJP) has this week formed a government on its own in Gujarat and with the Shiv Sena, its more militant ally, in Maharashtra, and has demanded Mr Rao's resignation.

The BJP plans to demand an early general election in parliament during the Budget session, which starts today. Mr Shanker Bakshi, a BJP leader, says: "The Congress is torn by dissension, ravaged by corruption, and lacks political direction or philosophy. It has lost whatever little remained of its moral authority to continue in government."

But the government is unlikely to concede defeat. It is striking that critics such as Mr Bakshi are focusing their attention more on the disillusion of voters with the party's moral standing than on policy issues such as economic reform.

Opposition parties including Mr Jyoti Basu's Left Front government in West Bengal are keen to support reform and to dispel the notion that only Congress is interested in furthering the country's liberalisation programme.

The BJP-Shiv Sena coalition in Maharashtra has already declared that there will be no significant change to the state's economic policies. Mr Bal Thackeray, Shiv Sena's controversial leader, assured businesspeople on Monday: "We welcome free trade and we expect everybody's cooperation."

Mr Rao will have to work hard to resolve the differences within Congress if he is to ensure the party retains power in New Delhi. Crucially, he must also somehow persuade India's poor that economic reforms will eventually benefit them.

If he can achieve this, there is a good chance he will survive until next year's general election - and perhaps beyond.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'line'). Translation may be available for letters written in the main international languages.

Credit at high cost

From Mr Michael Spagat.

Sir, Richard Layard contends that the levels of inter-enterprise credit experienced in Russia over the past few years have not been alarming (Letters, March 11/12). Perhaps this is true, but the observation that "the average delay in paying suppliers is rather less than in Western Europe" is hardly convincing. Allowing a debtor to delay payment for two months is one thing when annual inflation is 4 per cent, but it is something entirely different when monthly inflation is 13 per cent. Or are we to assume that Russian debtor enterprises always pay market rates of interest?

Michael Spagat, department of economics, Brown University, Providence RI 02912, US

Order in UK regions

From Ms Joyce Quin, MP.

Sir, In your coverage of the debate on UK regional government ("Labour faces map of confusion", March 9) you refer to the "map of confusion" with different organisations relating to different sets of regional boundaries. However, many of these boundaries are relatively recent and have been fixed to suit the administrative convenience of the bodies concerned, rather than responding to any feeling of regional identity.

It seems to me that the standard planning regions are by far the best basis for rational government boundaries, and I regret that these have been undermined by bodies such as regional health authorities. Yet I also believe that there should be nothing to stop regions co-operating and working together - for example, in order to promote transport links and improvements or in order to present joint submissions to government or to Brussels.

It will also be important to consult people, in finalising boundaries, so that local as well as regional feelings of identity are respected.

Joyce Quin, House of Commons, London SW1A 0AA, UK

Voting impasse for WTO chief a more widespread problem

From Professor H.W. Singer.

Sir, The letter by Ambassador Tironi ("Breaking WTO chief impasse", March 13) makes good sense and shows a way out of the impasse. Let us hope that it will be noted in the right quarters.

However, it may be pointed out that the problem which Ambassador Tironi tackles extends well beyond the WTO to all other international organisations and well beyond the appointment of a chief executive to strategic decision-making in general. The present system is illogical and extremely harmful. In the World Bank and International Monetary Fund we have a system of "a dollar a vote", whereas in the United Nations and its agencies decisions are made on the basis of "a country a vote".

The result is that the western Group of Seven countries have full control of the IMF and World Bank, whereas the developing countries have voting control of the UN. The inevitable result: the G7 countries throw their full financial and political support behind the IMF and the World Bank while the UN is marginalised and starved of resources. For the UN this sets up a vicious circle in which lack of resources and support leads to lack of competence and to failure.

From Mr Michael Tracy.

Sir, You give great prominence to an article ("The long day's journey to market", March 7) by Martin Wolf and Chrysia Freeland urging Russia and the Ukraine to "follow Poland's example" in economic reform.

Such advice is not new, and it has not worked. Anyone who has dealings with all the countries concerned must be well aware of the vast differences between them in economic structures, social patterns and individual attitudes, not to mention political stability and respect for the rule of law.

Certainly, Russia and the

ures which are then taken as a reason or pretext for further shifting of support and resources away from the UN and towards the Bretton Woods institutions.

There is an urgent need to modify both voting systems, neither of which can claim to be fully democratic. A common voting system on the general lines outlined by Ambassador Tironi would create a level playing field between the UN and the Bretton Woods institutions, and provide a more balanced distribution of functions and support than at present.

H.W. Singer, University of Sussex, Brighton BN1 9RE, UK

From Mr Rahmi M. Koc.

Sir, This morning, the World Trade Organisation, the repository of so many hopes for a more prosperous world, is effectively leaderless. For months, we have been treated to the unedifying spectacle of squabbling among governments over a suitable candidate for director-general.

The deadlock must be broken. If ever there was a time when the multilateral trading system needed a resolute champion, it is now, when the much talked about globalisation of business is forcing so many new issues on to the international trade agenda.

Above all, the WTO must see to it that the Uruguay Round accords are faithfully implemented, and that the new dispute settlement procedure works well.

The International Chamber of Commerce, representing world business, has no preference for one candidate or another, whether Mr Renato Ruggiero of Italy or Mr Kim Chul-su of South Korea, or a dark horse that might yet emerge.

But surely it is not too much to hope that governments will be sufficiently far sighted to realise that whoever is chosen to head an organisation whose raison d'être is multilateralism must not be perceived as the candidate of any one region.

Altogether different criteria than national or regional origin should be decisive. The job should go to somebody with the international stature, the energy and the vision this exceptional post requires. Governments should resist the temptation to insist on a candidate who might uphold their interests, and instead simply look for the best person for the job.

Rahmi M. Koc, president, International Chamber of Commerce, 38 Cours Albert Ier, 75008 Paris, France

Dangers of shock therapy in Russia and Ukraine

From Mr Michael Tracy.

Sir, You give great prominence to an article ("The long day's journey to market", March 7) by Martin Wolf and Chrysia Freeland urging Russia and the Ukraine to "follow Poland's example" in economic reform.

Such advice is not new, and it has not worked. Anyone who has dealings with all the countries concerned must be well aware of the vast differences between them in economic structures, social patterns and individual attitudes, not to mention political stability and respect for the rule of law.

Certainly, Russia and the

Very good

From Professor D.R. Myddelton.

Sir, Lex is quite right to argue that companies should capitalise purchased goodwill and amortise it against profit over a limited period ("Goodwill accounting", March 7). Not only would this bring the UK into line with the rest of the world, it would also provide better accounting for stewardship. For far too long British accounts have comprised a mishmash of costs and valuations, condoned by various standard-setting bodies.

D.R. Myddelton, professor of finance and accounting, Cranfield University School of Management, Cranfield, Bedford, UK

TOFAŞ

NOTICE OF MEETING OF THE EXTRAORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS OF TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

The Meeting of the Extraordinary General Assembly of Shareholders of Tofaş Türk Otomobil Fabrikası A.Ş. ("the Company") will be held on 30 March 1995, Thursday, at 16:00 hours, at the Company's Headquarters located at Zincirlikuyu, Büyükdere Caddesi No. 145 Levent-İstanbul to discuss and take decisions with respect to the following agenda.

In order to attend and participate in this Meeting, either in person or by proxy, Shareholders of the Company are kindly requested to obtain their entrance cards from the Company, not later than one week prior to the date of the Meeting. Any Shareholder who wishes to be represented at the Meeting by proxy must deliver to the Company a proxy in the form available from the Company, executed and notarized in accordance with Regulation No.8, serial 4 of the Capital Market Board. The invitation sent to holders of shares of the Company in registered form will serve as entrance cards for the Meeting. Holders of shares of the Company in bearer form may obtain entrance cards by depositing share certificates with the Company or with any bank, any of which will issue a certificate indicating the values, quantities and numbers of the share certificates so deposited against which certificate the Company will deliver an entrance card for the Meeting. Holders of shares of the Company in bearer form may not legally attend or participate in the Meeting without obtaining an entrance card.

Under current Turkish law, (i) holders of Depositary Shares representing the Company's Group E shares will not be able to vote or to cause the Depositary in respect of such Depositary Shares to vote Group E Shares underlying such Depositary Shares or to participate in the Meeting, and (ii) holders of the Company's Group E Shares who are not resident in Turkey will not be able to vote such Group E Shares or to participate in the Meeting, unless the indirect investments of holders of Depositary Shares in the underlying Group E Shares or the direct investments of non-resident holders in Group E Shares, as the case may be, are first registered with and approved by the Foreign Investment Directorate of the Prime Ministry of the Republic of Turkey ("the FID"). Accordingly, a holder of Depositary Shares will not be able to vote or to cause the Depositary to vote the underlying Group E Shares unless such holder cancels such Depositary Shares and takes possession of the underlying Group E Shares and, if such holder is not a resident of Turkey, such holder's investment in the Group E Shares is registered with and approved by the FID.

Any holder who takes the necessary steps and becomes entitled to vote Group E Shares at the Meeting may obtain a form of proxy and other relevant materials from the Company at its headquarters, from the Bank of New York at 101 Barclay Street, New York, New York 10286, U.S.A. or from Banque Internationale a Luxembourg S.A., the Company's Listing Agent, at 69, route d'Esch, L-1470, Luxembourg.

Kindly submitted for the information of our Shareholders.

THE BOARD OF DIRECTORS

General Management Address

Büyükdere Cad. 145, Zincirlikuyu, 80300
Levent - İstanbul
Tel: (0.212) 275 33 90/7 Lines

TOFAŞ
TÜRK OTOMOBİL FABRİKASI
ANONİM ŞİRKETİ
10th EXTRAORDINARY GENERAL ASSEMBLY
DATED 30.03.1995

AGENDA

1. Opening of the Meeting and election of the Members of the Chairmanship Council.
2. To ratify the appointments made in light of the changes that have occurred in the Board of Directors during the year.
3. To modify Articles 6 and 9 of the Company's Articles of Association.
4. Signing of the Minutes of the General Assembly Meeting by the Chairmanship Council and giving authorization for considering this to be sufficient.

TOFAŞ

FINANCIAL TIMES

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Wednesday March 15 1995

Mexico's new medicine

The new plan for stabilising the Mexican economy is President Ernesto Zedillo's toughest promise yet that the country will turn itself around. It will succeed only if foreign investors finally begin to believe him and Mexicans recognise that the heavy burden of delivering on the promise rests almost entirely with them.

On the face of it, Friday's package has a better chance of standing up to external scrutiny than its predecessors. In December, the government's projections for 1.5 per cent growth in gross domestic product and 19 per cent inflation in 1995 seemed fanciful the day they were announced. Even Mr Zedillo's revised predictions, for a 2 per cent fall in GDP and inflation of 42 per cent, may prove over-optimistic. Investors' persistent lack of confidence over the past few months probably means that the drop in output will be closer to between 4 per cent and 5 per cent this year. But the new package does at least come much closer to accepting how difficult the path ahead will be.

The biggest obstacle is the dramatic turn-around in the trade balance needed to compensate for the collapse in foreign capital inflows. Initially, Mr Zedillo hoped to halve the current account deficit in 1995, from last year's nearly 8 per cent of GDP. The new plan is far more ambitious, aiming for a shortfall of just \$2.4bn (£1.5bn) or less than 1 per cent of GDP. The bulk of the adjustment is to come through tax increases, to raise public savings, and a 27 per cent rise in exports. Imports are due to fall 12 per cent.

The schedule is tough, but not impossible. Falling consumer demand and corporate profitability may make it difficult to boost tax revenues as much as the gov-

ernment hopes, but will help rein in imports. Most important, 42 per cent growth in domestic prices would still allow exporters to take advantage of a substantial rise in competitiveness from the 50 per cent nominal devaluation of the peso since the beginning of December.

However, achieving 42 per cent inflation in the year to December means curbing the quarterly inflation rate, from the 15 per cent estimated for the first three months of 1995 to only 4.5 per cent in the fourth quarter. Efforts to improve the transparency of monetary policy - for example, through timely publication of data on foreign exchange reserves - may go some way to reassuring outsiders that the central bank will not quietly repeat the expansionary excesses of last year.

Yet the generous provisions for maintaining the solvency of the financial sector, and companies with severe balance sheet problems, are worryingly opaque. The government says it will not let the government of bank capital translate into credit expansion. But keeping to that will mean a tighter monetary squeeze elsewhere, if interest rates do remain high.

Of course, interest rates will fall if and when the government's external credibility improves. With wage and price moderation central to the plan's success, investors may wait to see hard evidence that Mexicans have accepted significant short-term hardship as the price of recovery. The absence of a new wage agreement with unions and business shows that the government has few direct means of achieving this. But Mr Zedillo and the electorate should know that renewed investor confidence will only follow the pain, not substitute for it.

Doctors on call

Yesterday's Audit Commission report on the work of hospital doctors in England and Wales highlights the progress still to be made in reforming the National Health Service. Training for junior doctors leaves much to be desired, and serious questions need to be asked about the relationship between hospital managers and consultants, a sizeable minority of whom appear to be subject to remarkably loose control.

The report offers snapshot statistics based on often small samples, and the figures do not detract from the dedication of the great majority of consultants to their NHS patients. Even so, the commission's findings cannot be dismissed offhand. A third of consultants were found to miss more than one in 10 of their out-patient clinics or operating sessions. Half the hospitals did not have job plans, setting out tasks and obligations, for all their consultants, while some 10 per cent of consultants had no job plans.

As for junior doctors, their training was often poorly structured, while too much of their time was found to be occupied with tasks more appropriate for nurses. The commission was concerned at the frequency with which inexperienced junior doctors were left unsupervised to carry out operations and see new out-patients - criticisms that again reflect on the role of consultants. Some large issues are raised

obliquely by the report, notably the recruitment and contractual terms of consultants and the relationship between doctors and nurses. There may be a case for recruiting more consultants and ensuring that their contracts yield greater value to the NHS. As nurses become better qualified and junior doctors work shorter hours, it might be appropriate for nurses to take on more of the routine work of the latter.

However, the immediate priority is to ensure that hospital managers put effective training and control regimes in place. In no other branch of the public sector would it now be acceptable for 10 per cent of senior professional staff to be working without job plans. Consultants may be a special case in terms of the relationship between their private and public work, but their ability to earn high private incomes makes any failure to give value for money in their NHS endeavours still less justifiable.

Hospital managers and professional bodies should heed the commission's recommendations. Junior doctors should be closely supervised and given properly structured training. All consultants should complete job plans. And national controls on the number of posts at different levels of the hospital doctor hierarchy should be reviewed to ensure that they bear a close relationship to actual need.

Monitoring Iraq

No member of the UN Security Council advocated that the sanctions on Iraq should be lifted when they came for review on Monday. All except that they must remain in place until Iraq has accounted for all its weapons of mass destruction and a system of long-term monitoring is fully operative. But a clash is looming about what to do when Rolf Ekeus, the UN inspector, reports that those conditions are fulfilled, as he may do within the next few months.

France and Russia say that sanctions should then be lifted. Britain and the US say a broader judgment has to be made about Iraq's overall record of compliance with UN resolutions, including Resolution 688 which demanded an end to the repression of the Iraqi civilian population, and - in the light of that record - about Iraq's likely behaviour if sanctions are lifted. Though not officially stated, the implication is that Iraq cannot be trusted, and therefore sanctions should be kept on, while Saddam Hussein is in power.

Iraq itself - or rather Mr Saddam's regime, which should not be equated with the country it so grossly misgoverns - is deploying a two-pronged strategy to get sanctions lifted. One prong appeals to commercial self-interest, and was evident in the gathering of international oil executives in Baghdad last weekend, at which mouthwatering concessions were hinted at. The other,

addressed to world public opinion, has been quite successful in getting bishops, intellectuals and retired politicians in the west to wax eloquent on the sufferings endured by the Iraqi people.

It is grotesque that anyone can still be taken in by this humanitarian pose, coming from a regime which is itself, directly and indirectly, the cause of all the suffering it claims to be so anxious to alleviate. The fact is that food and medicine have been exempt from sanctions throughout, and that the regime could easily pay for them. If it needs more it has only to sell oil under the terms of Resolution 706, which allows it to raise \$1.6bn provided the use of it to purchase and distribute humanitarian goods is monitored by the UN - conditions the US is now offering to make "less intrusive".

More genuine dilemmas lie in wait. Those who want sanctions lifted need to think how they will cope with the disruption of the oil market which the sudden return of a major producer will cause, especially the destabilising effect on neighbouring oil producers, and how far an unrepentant (even triumphant) Mr Saddam can be welcomed back as a member of the regional and global communities. Those whose half-admitted aim is his downfall, on the other hand, need a clearer strategy both for bringing that about and for ensuring that Iraq itself does not disintegrate in the ensuing chaos.

Beijing's recent stealthy attempt to strengthen its territorial claims in the South China Sea by building on a disputed reef was at first barely noticed abroad. But China's neighbours are starting to see it as a sign that China may become more assertive in the post-Deng Xiaoping era.

Chinese officials initially implied that what Beijing has disingenuously described as "shelters for fishing vessels" were only sanctioned by local communities. However, the decision to build four structures on the aptly-named Mischief Reef within the Philippines' 200-nautical mile exclusive economic zone was almost certainly taken at senior level in Beijing.

China's latest South China Sea gambit - it claims sovereignty over 80 per cent of the area - is being studied closely for clues to Beijing's behaviour during the transition to a new generation of leaders. One concern is that the death of Mr Deng and the manoeuvring among pretenders for the leadership will lead to a more nationalistic posture.

Dr Robert Ross, a research associate in Chinese military affairs at Harvard and visiting scholar at Beijing's Foreign Affairs College, says the thrust by China towards the eastern limits of its South China Sea claim will increase regional apprehensions, and could also lead to a process of "island-grabbing". Dr Ross says: "They were obviously testing the waters to see what they could get away with."

Apart from territorial disputes in the South China Sea, potential trouble spots include Taiwan, Hong Kong, the Korean peninsula, and relations with the US. The difficult Sino-US relationship is perhaps most vulnerable in the short-term on questions such as trade, arms proliferation and human rights, although recent landmark agreements on copyright abuses and market access may prove a sign of a maturing partnership.

China's responses on all these questions can hardly avoid being influenced by internal political developments. A difficult leadership transition, with rival contenders jockeying for power, could lead to a more strident foreign policy and the danger that even minor disputes could be magnified. Conversely, a smooth transition would lessen these risks. Dr David Shambaugh, a China security specialist at the School of Oriental and African Studies in London, describes a "direct linkage" between internal politics and China's behaviour militarily and diplomatically. "If the post-Deng leadership is insecure in its position internally that will cause a more assertive posture externally," he says.

Opinion is divided among China scholars about Beijing's likely

The waters beyond Mischief Reef

Tony Walker asks whether east Asia and western countries can adapt to a more assertive China after Deng Xiaoping

behaviour in this next period. Views range from the "business more-or-less as usual" school to those who predict a bumper ride. But few observers doubt that China's growing economic power, its desire to increase its international role and its ambitions to be the leading regional power will make for difficult adjustments by others.

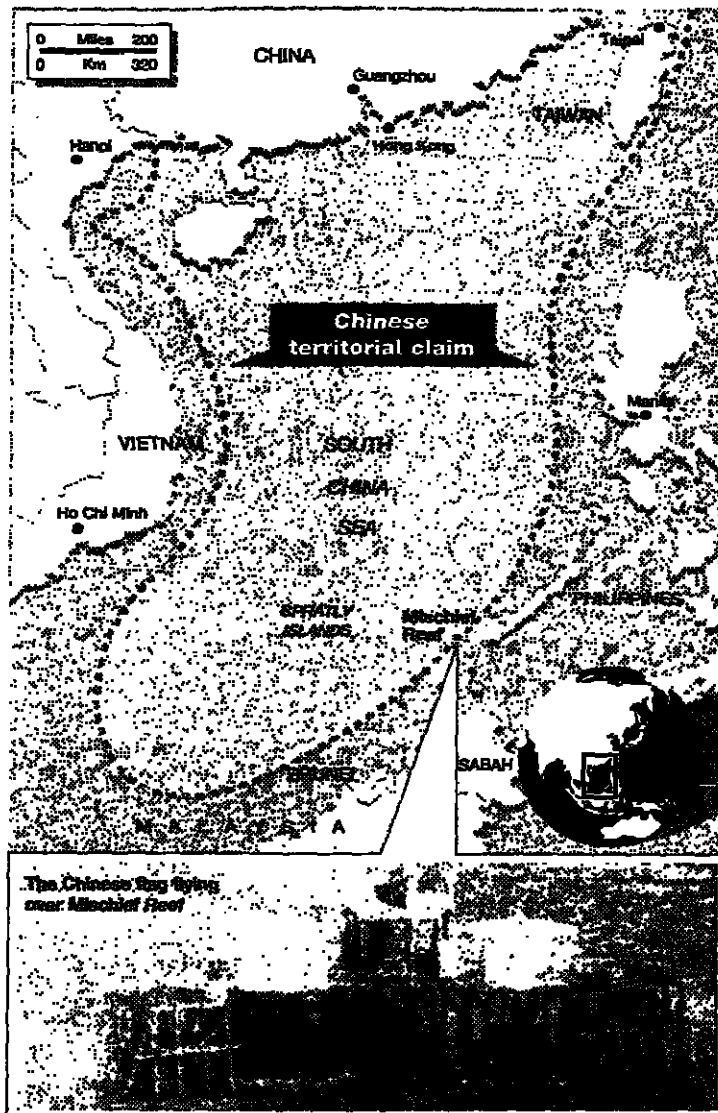
Most risk analysts about China - an activity that has become something of a growth industry amid present uncertainties - yields three broad scenarios. The first is that Deng's policies of "reform and opening" will be maintained with relatively minor modifications; the second is that China reverses course and becomes more inward-looking; and in the third, China breaks up, with the centre losing control in the face of increasingly powerful challenges from the provinces and chaotic social unrest.

Mr Shang Lijun, a China specialist at the Institute of South East Asian Studies in Singapore, says that far and away the most likely scenario is the first. "Factors for stability outweigh those against," he says, arguing there is no realistic alternative to reform.

Mr You Ji, lecturer in politics at the University of Canterbury in New Zealand and writer on the Chinese military, says that externally China is heading in the "direction of interdependence". This process of integration is the best guarantee of Chinese good behaviour after Deng, he says. "China does not pose a threat to major powers or to small powers in the region. China needs the support of small powers."

But Beijing's handling of issues such as the dispute over the Spratly Islands in the South China Sea suggests that its determination to assert itself regionally - China scholars are beginning to refer to Beijing's approach towards the Spratly Islands claim as "creeping assertiveness" - may prove growing problems for its neighbour. China is in dispute over the Spratly Islands with Vietnam, the Philippines, Malaysia and Brunei, all of which lay claim to all or part of the island chain. Taiwan is also a claimant.

Attempts to defuse the issue through bodies such as the Association of South East Asian Nations



The Chinese flag flies over Mischief Reef

(Asean) Regional Forum established last year have failed. China, which fears being isolated at such multilateral gatherings, says it is opposed to the dispute being "internationalised"; it would prefer to deal with the issue bilaterally.

While the Spratly dispute has captured headlines in Asia, it is not China's most pressing foreign policy concern. Rather, for the foreseeable future, apart from US relations,

those will be the issues of Hong Kong and Taiwan.

It is mishandled, both could cause serious disruption to China's external relations, not just with neighbouring states but with the broader international community.

China is currently trying to woo Taiwan with emotive words and offers of a closer economic partnership. Professor Shi Min, director of the Asia, Africa Development Insti-

tute under China's State Council, or cabinet, says the Taiwan question should be "solved naturally over time". It is better, he says, to "talk and talk, wait and wait".

But this assumes political movements on Taiwan will not challenge one of Beijing's absolute taboos - a concerted move towards Taiwanese independence. Such a development would oblige the Chinese leadership in almost any conceivable circumstance to react, so risking an escalation of the conflict. Overt threats from China would also seriously complicate Sino-US relations.

Similarly, China's 1997 takeover of Hong Kong is fraught with difficulties which may upset Beijing's international relationships. In the excitement that is certain to prevail at the time of the handover - watched closely by the media - there is great scope for things to go wrong. Chinese over-reaction to threats to its authority risks souring the atmosphere and causing complications with the west.

Much has been made in recent years of Beijing's military build-up, with annual budget increases running well ahead of inflation, but most defence experts believe the "China threat" is overstated. China's ability to project its power is limited, and is likely to remain so for between 10 and 15 years.

In China's calculations about its strategic environment, the relationship with the US looms large. Chinese officials see US pressures on trade, arms proliferation and human rights as part of a grand design to keep China weak. This grand view has surprisingly firm adherents at most levels of the leadership and increases the risks of overreaction to real or imagined US slights.

For the US, its western allies, and Asian governments, therefore, this next period in China's development as an aggressively modernising state requires careful management, whether China's political transition is bumpy or smooth. "China will increasingly impinge on areas where the US is in particular, and the west in general, have been dominant. Considerable suspicion exists on both sides as to the intentions or interests of the other," says a study of China after Deng, to be published soon.

"Yet," it adds, "the international community will have to make room for China not just as an economic competitor but in the political and strategic arenas. The question is not whether, but how that adjustment is to be made."

* *China as a Great Power: Myths, Realities and Challenges in the Asia-Pacific Region*. Longman Cheshire and St. Martin's Press, Melbourne and New York (to be published mid-1995).

Power privatisation need not follow the model pioneered in the UK, argues David Lascelles

More than one way to go

As the privatisation pioneer, Britain was bound to be first to find the bad side. And so it has turned out. Scarcely a week goes by without some fresh outcry over regulatory failings or greedy management. Even small investors who at first made profits by buying shares in privatisation issues have now joined the disenchanted; the value of their electricity investments fell sharply last week when Professor Stephen Littlechild, the UK regulator, decided to review his hitherto lenient price controls on the companies.

Britain's experience, however, does not seem to have deterred dozens of other countries from proceeding down the same route. From New Zealand to Norway, and Argentina to Czechoslovakia, governments are selling off and deregulating their utilities with great enthusiasm.

There are notable exceptions to the trend, including France, where entrenched local interests want to keep things as they are. But in most of the world the process seems unstoppable.

Two weeks ago, more than 200 executives from many of the world's

top utilities gathered in Arizona to address some of these issues. What was striking was the sense of upheaval: like the airlines, and the banks and telecommunications monopolies before them, electricity companies are finding that change has finally caught up with a hide-bound industry. There was scarcely a company present that did not face either privatisation or a shake-up of its traditional markets.

Some common themes were discernible. One was the allure of the proceeds to be derived from privatisation. Enel of Italy, the largest sell-off candidate currently on the block, has a potential price tag of \$60bn: a spot of regulatory difficulty in the UK would not stop politicians claiming such a prize.

There are also technological changes. Just as automated tellers bypassed the traditional bank branch, new power generation and distribution technologies are undermining the massive power stations that most people imagine is the only way to make electricity.

In future more consumers will be

served by the small, independent power stations that are already springing up, often owned by newcomers to the business. This could lead to miniature home generators which enable each household to make its own electricity, and even feed its surplus back into the grid.

There is a growing realisation

There could be small home generators enabling each household to produce its own electricity

that old arguments for monolithic utilities - economies of scale and security of supply, for example - no longer hold. Such advantages are increasingly outweighed by the inefficiencies and the resistance to change in the large utilities. One result of the UK experience has been to make people see that change is possible, even desirable, in an industry they previously

assumed had to be organised in large, often monopolistic units.

Mr Mark Spelman, who specialises in utilities at Andersen Consulting, says the sector has "lost its sanctity" - its unquestioned acceptance by the public. In particular, he points to the role of regulators in facilitating change. These days, they travel, meet at international gatherings, and spread new ideas. The modern breed of regulator is interested in how new structures work, not in preserving the status quo. In California, the state which is pioneering deregulation in the US, it was the regulator who took the initiative last year.

Such changes could, in Mr Spelman's view, produce a period of chaos in electricity supply. But after the upheaval, new types of energy service companies will begin to emerge, driven by the need to satisfy customers rather than manage hefty assets.

The important issue in all these changes is what sort of market structure countries should aim for, and this is often the real test of the

will for liberalisation. Here, the UK lesson is instructive. Britain created a centralised "pool" to provide an obligatory central market for wholesale electricity after privatisation. This is now widely seen as inappropriate, partly because it has failed to deliver low and steady prices.

But, more fundamentally, the pool is also seen as an awkward compromise between a centrally managed system and a genuine free market. The most forward-thinking strategists in the industry are now looking at ending any hint of central management and at opening up power supply to the market.

In California, for example, a strong lobby (which includes the state's largest generator, Pacific Gas & Electric) is arguing for a totally free market in which everyone could sign up for electricity with whichever supplier they liked, at privately negotiated prices. This would make the electricity market rather like the oil market, with deals done bilaterally, but with everyone having a fairly clear idea of the going rate.

The UK experiment is a much-quoted point of reference, but usually for the pitfalls it highlights rather than as a model to emulate.

OBSERVER

Soap opera buddies

Students of spy and detective thrillers will be familiar with the good guy/bad guy routine in which prisoners are interrogated alternately by a thug who slaps them about, then by a sofie who gives them a cigarette and a cup of tea. It's a bit like that working for Procter & Gamble, the US soap and toothpaste giant.

John Pepper, head of P&G's international operations, plays the role of the good guy, known for his warmth, teamwork approach and acts of generosity. Then there is the fist-clenched Durk Jager, head of the US business, renowned as the cold and ruthless go-getter who slashed 13,000 jobs at a company previously known as a bastion of lifetime employment.

As different as chalk and cheese, they were trying to make the effort to get along yesterday when P&G announced that both would have a hand in running the company after the retirement of Ed Artzt, the chairman and chief executive, in July.

The amiable Pepper, who will take the number one job as chairman and chief executive, got off to a good start.

"We are hugging each other right now," he told reporters asking about the alleged rift. Since the press conference took place by

telephone, it was hard to verify that the two had achieved this new plane of intimacy.

Even the Netherlands-born Jager, due to take on the newly-created post of chief operating officer, managed to joke that his only complaint was that he couldn't get Pepper to take a course in Dutch. Well - it sounded like a joke.

Hole in two

It has not been the best of weeks for NatWest Markets' chief executive Martin Owen. Days after the loss of Jim O'Donnell, head of the US securities division, there opens up a still larger chasm created by the departure of Philip Augar, head of both equities and capital market activities for the group.

Augar, who is bound for Schroders, is ever so discrete as to his motives. However, nothing will hide the fact that NatWest has lost senior management expertise with which it can ill afford to part. Augar himself earns high marks for building up the equities presence, but NatWest's investment banking colossus remains a less than happy ship.

Clearly a catch for Schroders, on the other hand, the new group managing director in charge of equities has the chance to make his mark in a rather more nimble organisation.

He has an independence of spirit that would appeal to Schroders -

and one that he demonstrated dramatically once before when quitting the City for a two-year stint in academia in the late 1980s because "everything got a bit frothy".

His arrival also appears to make it less, rather than more, likely that Schroders will go shopping for a Cusumano or a Smith New Court. An analytical, research-oriented type, Schroders seems to recognise Augar would be infinitely more suited to growing, rather than bolting on, extra businesses.

Grace and favour

It has been a lively fortnight at W R Grace, the big US specialty chemicals company. On March 2 came the sudden and unexpected resignation of the group's highly regarded chief executive, J.P. Bolduc, after only two years in the job. This raised hackles at one or two of the company's big institutional shareholders, especially when details emerged about some contentious payments to the chairman, Peter Grace, and his son.

By Grace's own admission, it is looking into more than \$1m of payments last year to Peter Grace 3rd, the chairman's son.

The money - since repaid - seems to have gone on an abortive buyout of the company's hotel services division, which young Peter ran.

Then there are the payments

allegedly made by the company for the chairman's Manhattan apartment, his nurse and his chef, which seem not to have been reported to the SEC.

The institutions, led by the College Retirement Equities Fund (CREF), are proposing a simple but devastating countermove: the barring of directors over the age of 70. This would take out not only the chairman, who is 81, but 13 of his elderly cronies, thus reducing the board from 22 to 9.

Meanwhile, the board is looking for a new chief executive, either from inside or outside the company. It would be tactful to choose a younger candidate: Bolduc, after all, was a mere strapping of 55.

Ducking stoolies

Police in the east Caribbean island of St Vincent are creating a psychic fraud unit.

The squad's task will be to combat complaints about the number of quacks among the island's fortune tellers, voodoo priests and witch doctors. Psychic services are in heavy demand on St Vincent, with non-islanders recently arriving to get some of the business. The boys in blue have made several arrests.

Can't wait for the trial: "It is alleged that your hitting the heads of chickens has no effect."

How do you plead - guilty, not guilty, or just temporarily indisposed?

Financial Times

100 years ago

Prussian trade Berlin: The "Reichsanzeiger" today publishes a report of the proceedings of the Council of State on Tuesday and yesterday, when measures for raising the price of agricultural produce were discussed. It states that the Council approved the proposals of the reporter on the sugar question for raising the price of that commodity. The reporter said that the depressed condition of the sugar industry, in consequence of over-production, could not be dealt with by any international arrangements, and in Germany the sole remedy lay in an increase of the bounties on sugar exports.

50 years ago

Move to raise profit tax The idea that something should be done to increase taxes on profits resulting from the growing so-called speculative transactions in farmland, urban real estate and securities is gaining ground at Washington. Officials appear to favour lengthening the present holding period for the capital gains tax from the existing figure of six months to eighteen months.

Clinton move to heal rift with Britain over Ulster

By John Kampfer in London and Robert Peston in Gaza

President Bill Clinton yesterday moved to defuse the row with Mr John Major, the UK prime minister, over the White House invitation to Mr Gerry Adams, the Sinn Féin leader.

Mr Major received a faxed letter from Mr Clinton on the subject of the contentious meeting which a senior UK government official described as "constructive".

It is understood that Mr Clinton has indicated he will put pressure on Mr Adams to take practical steps toward securing the de-commissioning of arms by the Provisional IRA, as requested by the British government as part of the Ulster peace process.

News of Mr Clinton's fax came after Mr Major had let it be known yesterday he had not been able to take a telephone call from the US president, in an apparent demonstration of displeasure over White House policy towards Northern Ireland.

British and US officials sought to put a diplomatic gloss on the

incident, arguing that the inability to arrange contact during Mr Major's Middle East visit was just a technical difficulty.

Mr Clinton tried to reach Mr Major on Monday evening to discuss their differences over the White House invitation to Mr Adams, who is president of Sinn Féin, the political wing of the IRA.

"It's not unusual for delays in fixing up phone calls between world leaders. Secure telecommunications have to be found, schedules have to be settled," a Downing Street spokesman said.

However, Mr Major is travelling with his own telecommunications consultants, who described Israeli land lines as "good and secure". It also emerged that US officials had first tried to arrange a call on Saturday - the day after Mr Clinton received a letter from Mr Major - but were told "it would not be convenient" until Mr Major's return today. That message was conveyed 24 hours before Mr Major left London.

Speaking after talks with Mr Yasser Arafat, PLO chairman and president of the fledgling Palestinian state, Mr Major said: "If he [Mr Clinton] wishes to speak to me, we will speak. If he has been pursuing me, I am sure he will find me soon."

Mr Arafat, throwing his weight behind Mr Major's attempts to reach a political settlement for Northern Ireland, said: "I am encouraging all the parties everywhere, not only here, not only in Ireland, but everywhere, to firm up the peace process."

Mr Major is the first senior western leader to visit Gaza since it was granted limited autonomy by Israel last year.

In Washington, officials made light of the communications problem. "The president was trying to reach [Mr Major] and the prime minister was travelling... they didn't connect," Mr Mike McCurry, White House spokesman.

Meanwhile in London, MPs welcomed the announcement that a 400-strong army regiment is to be withdrawn from Northern Ireland, the first significant cut in troop numbers since the ceasefire began last August.

Business battalions, Page 8

Rise in UK spending planned by three big carmakers

By John Griffiths and Kevin Dore in London

Three of the world's biggest carmakers, Toyota, Honda and Ford, are planning significant new models and production increases in the UK with the Japanese producers set to raise their capital spending in the UK by around £400m (£666m).

Britain is set to be the fastest growing mainstream car production country in western Europe during the second half of the 1990s, with output forecast to rise by nearly 50 per cent from 1.47m cars last year to 2.2m in 2000.

Honda is to invest a further £200m in expanding the range of cars it produces at its plant at Swindon, Wiltshire, bringing total spending on its UK manufacturing operations to £900m by the end of the decade.

Toyota, the leading Japanese vehicle maker, is to announce tomorrow that it will go ahead with the second stage of its investment in the UK, which will double the production capacity at its car assembly plant at Burnaston, near Derby, to 200,000 cars a year. Toyota will also double capacity at its engine plant at Deeside, north Wales.

Ford, the US carmaker, is to announce today that it has selected its UK plant at Dagenham, Essex, as the location for the production of up to 25,000 cars a year for Mazda, the Japanese vehicle producer.

Toyota is planning to add production at its UK plant of a second range of cars, the Corolla small family car, to output of the larger Carina which began at the end of 1992. Production at the UK plant, Toyota's first car assembly facility in Europe, totalled 88,000 cars in 1994 and is expected to rise to around 90,000 this year.

Toyota will invest around £200m in addition to expenditure already announced, which will raise its total spending on its UK car and engine plants to more than £1bn.

Honda is studying which additional models might be developed for Swindon's assembly lines towards the end of the 1990s, according to Mr Ken Keir, general manager of Honda UK's car division.

Honda is launching the Swindon-built Civic hatchback in the UK next week. It is being built alongside the larger Accord model, which has been in production since late 1992.

Additional models could take Honda's production at the Swindon site higher even than the annual 150,000 units in 1998, which the company announced as a revised target for the UK operations last year. Mr Keir said that the additional investment was aimed primarily at increasing the plant's product range, not at specific additional capacity investment above the 150,000 level.

THE LEX COLUMN

Don't cry for Argentina

Argentina's prompt action to stem the growing financial crisis appears to be paying off. When Mexico ran into difficulty last year, its failure to tackle problems speedily contributed to the collapse of confidence. Argentina, hit by the knock-on effect from Mexico, has not made the same mistakes. Unlike Mexico or Brazil, Argentina has managed to avoid devaluation. This week's financing package has restored confidence in the peso's convertibility and calmed fears of a liquidity crisis. The diversity of funding sources, ranging from Argentine companies and the fiscal surplus to multi-lateral agencies and foreign commercial banks, creates an impression of a country pulling together rather than falling apart.

Argentina's relative success story is likely to lead to a greater differentiation between Latin American countries by foreign investors in the future. So far, the region has tended to be viewed as a block. Now, though, the fundamental differences between Latin American economies have been highlighted. Argentina's more comfortable position is not only the result of better economic planning but also of other factors such as a broader spread of trading partners, and less inequality of income distribution. This does not mean that foreign investment will flood into Argentina: Brazil's huge growth potential, for example, may attract more capital, despite the country's severe economic and political difficulties. But the haemorrhaging of funds from Argentina is likely to stop.

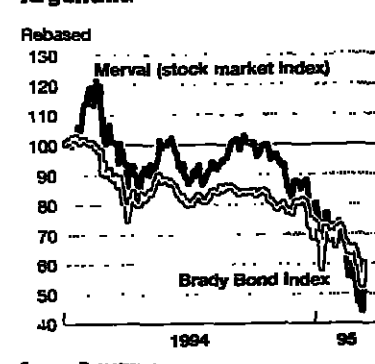
UK economy

British consumers are, if anything, becoming more depressed. That is the message of yesterday's gloomy Confederation of British Industry distributive trades survey. Their dejection is not terribly surprising. Last year's strong economic growth was swallowed up by corporate profits and taxes, leaving little extra cash in consumers' pockets. Another quick rise in base rates will be off the agenda if the CBI's conclusions are confirmed by today's official retail sales data.

But the slowdown in consumer spending is probably only temporary. By the end of the year, personal disposable income should be rising quickly even if economic growth moderates. Tax increases will be working their way out of the system, and consumers could even be enjoying pre-election tax cuts. As the recovery

FT-SE Eurofirst, 2000:
1034.93 (12.8%)

Argentina



Source: Datastream

Sir Geoffrey has created a number of hostages to fortune. Disquiet about the company is likely to revive if he is not able to demonstrate evidence of profits recovery at Woolworths and Comet, sooner rather than later.

Sir Geoffrey's turnaround efforts will be helped by the fact that Superdrug, B&Q and especially Darty are all performing well. Good husbandry and new computer systems should lead to a substantial recovery in Woolworths' profits, which at £51m are paltry in relation to sales of £1.32bn. The shares enjoy a generous premium rating in the expectation that Sir Geoffrey will pull off the turnaround, but the share price will suffer severely if there are any mishaps along the way.

Williams Holdings

The transformation of Williams Holdings from sprawling takeover vehicle to focused global industrial group is now complete. But some of its excitement may also have vanished. It carried a premium rating last year, as investors reacted positively to a more neatly defined, efficiently managed business. But the pace of acquisitions looks set to slow, and this will feed through into earnings.

Williams provided further disappointment with the announcement of stagnant sales growth in the second half of last year, compared with the rapid acceleration announced last week by fellow conglomerate, BTR. However, Williams was hit by a weak do-it-yourself market in the UK and its exposure to a comparatively depressed California. The US businesses are already beginning to pick up. In addition, reorganisation costs are set to fall at a time when last year's £212m of acquisitions are feeding through into improved profit margins.

Williams' balance sheet has benefited from stronger cash flow, and gearing could fall to zero by the end of 1995 - barring acquisitions. It could fund more than £400m of acquisitions without exceeding its suggested 100 per cent gearing limit. However, now Williams has restricted itself to investing in just three core businesses, it will be hard to find acquisitions that cost anything like £400m this year. The stock's return to an average prospective price-earnings ratio appears justified by this less dynamic outlook. But the attractive dividend yield should limit any further downside.

See additional comment on UK mortgages, Page 21

SAS opts for Boeing 737s in \$1.2bn deal to renew fleet

By Christopher Brown-Humes in Stockholm

Scandinavian Airlines System yesterday announced an order for up to 70 Boeing medium-range aircraft to renew its fleet.

The order is a setback for McDonnell Douglas, SAS's preferred supplier in the past.

SAS has a firm order for 35 Boeing 737-600 aircraft worth SKr5.5bn (\$1.22bn) and options for 35 more over the next decade. The order makes SAS the launch customer for the 737-600, the latest 100-seater version of the world's best-selling jet.

The order comes 18 months after plans for a merger with three other European airlines collapsed, and after SAS reported its first full-year profit for five years in 1994.

The company has begun shedding financial and leisure ven-

tures to concentrate on the airline business.

The first aircraft are due to be delivered over three years, between the second half of 1998 and 2001. They will replace ageing aircraft, including 19 Fokker F28s and 25 McDonnell Douglas DC-9s, which will be phased out between 1998 and 2002 to meet international noise requirements. The options can be placed from 1999 onwards for delivery through to 2005.

SAS opted for Boeing after considering rival bids from the Airbus consortium, British Aerospace, Fokker and McDonnell Douglas.

The choice surprised industry observers because McDonnell Douglas had previously supplied the bulk of SAS's medium-haul fleet.

Mr Jan Stenberg, SAS chief executive, said the Boeing air-

craft was "modern, cost-effective and has very good environmental qualities". It can carry 98 passengers in a standard two-class configuration and will be used on SAS's European, intra-Scandinavian and domestic network. It will be fitted with CFM-56 engines made by General Electric of the US and Snecma of France.

SAS, half-owned by the Swedish, Danish and Norwegian governments, has pursued a stand-alone strategy since plans to merge with KLM Royal Dutch Airlines, Austrian Airlines and Swissair collapsed in late 1993.

It plans to buy around 10 175-180 seat aircraft, in the next stage of its fleet renewal programme.

Japan Airlines yesterday placed orders for four Boeing 737-400 aircraft valued at \$180m for delivery in May.

Spain to resume fishing off Canada

Continued from Page 1

only resume once the trawler, its crew and catch had been released unconditionally.

Sir Leon refused to be drawn on what steps the EU might take but said Brussels would "take whatever action is in its interests to protect itself".

At a joint press conference, Sir Leon and Mrs Bonino dismissed suggestions the crew's activities were illegal. "It is important that we are not diverted from the principle that the Canadian authorities have taken the law

into their own hands and acted illegally," Sir Leon said.

Mrs Bonino rejected Canada's assertion that 79 per cent of the trawler's catch was "juvenile" fish and therefore illegal. "They omitted to say that there are no limits on the size of fish set by the North-West Atlantic Fisheries Organisation," she said.

Mr Luis Atienza, Spain's agriculture and fisheries minister, said in Toulouse that Spain would not force the EU "to take strong measures hastily". He said there could be no negotiations with Canada until the Estai-

was released unconditionally.

Meanwhile, the captain of the seized trawler appeared before a Newfoundland court yesterday. The case was referred for a month pending disclosure of documentation by the Canadian government. The captain will be free to return to Spain, but his vessel will remain impounded in St John's harbour while negotiations continue between the EU and Canada.

"We'll see if the diplomats can agree before the lawyers return to the case," said a lawyer representing the trawler's owners.

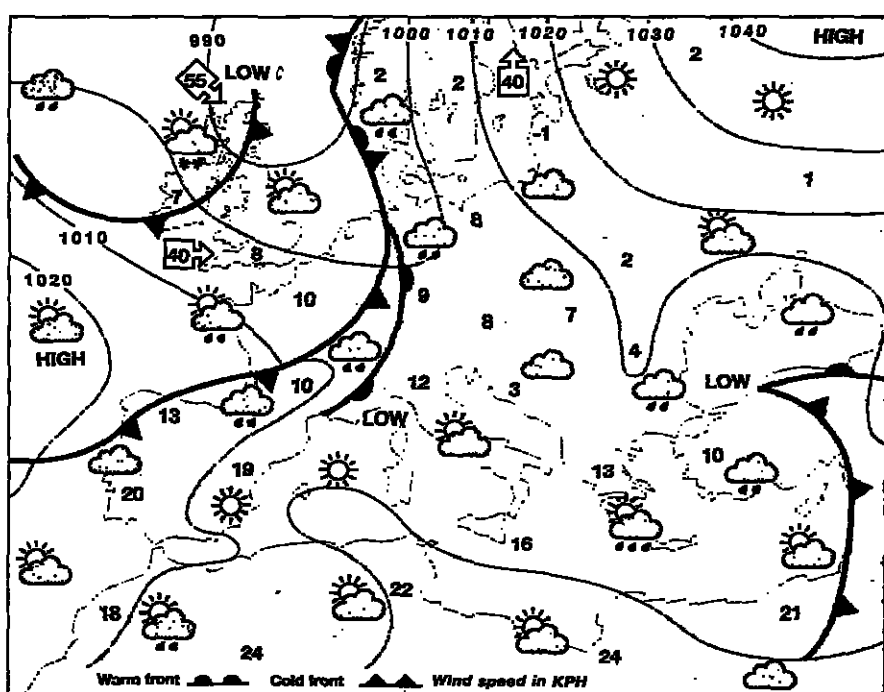
FT WEATHER GUIDE

Europe today

A cold front will flow across the British Isles. Rain and flurries of snow will be confined to northern and western areas. England will have sunny spells, with seasonably mild conditions. Rain is forecast for Germany, Switzerland, south-east France, and northern Spain. Southern Scandinavia will have light snow. Southern Portugal, southern Spain, and Italy will be sunny. Sun and cloud and dry conditions are forecast for eastern Europe. Cloud and rain will form in south-eastern Europe. Heavy rain is forecast for western Turkey and in Bulgaria.

Five-day forecast

Conditions will remain unsettled in the British Isles and in western Europe, with rain or showers throughout the week. Rain will also spread into eastern Europe. South-eastern Europe will stay cloudy and rainy, but conditions will begin to clear in the Balkans as from Thursday. The central and western Mediterranean will be cloudy.



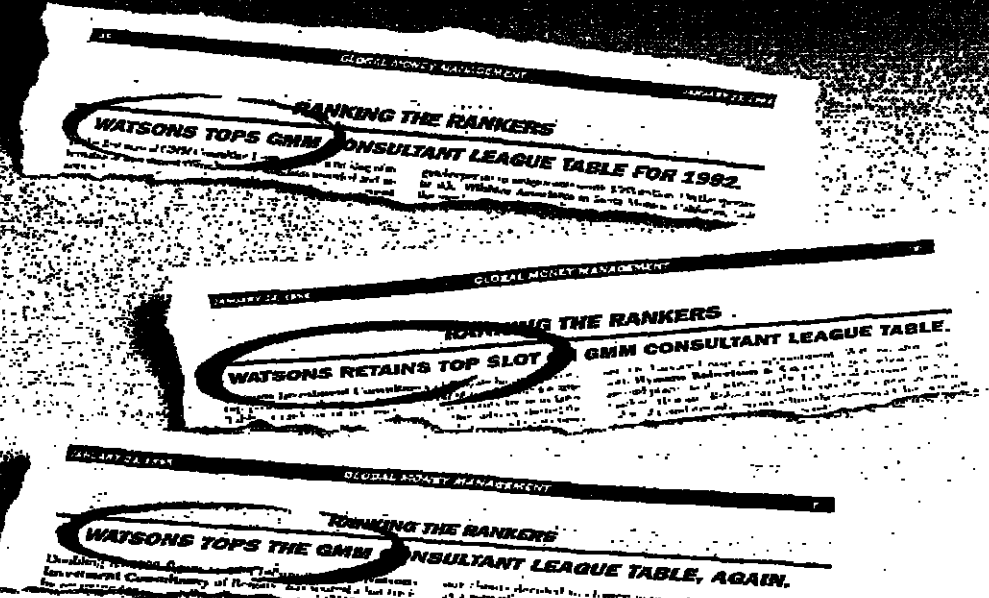
TODAY'S TEMPERATURES

Maximum	Minimum	Forecast	Maximum	Minimum	Forecast	Maximum	Minimum	Forecast	Maximum	Minimum	Forecast
Abu Dhabi	24	22	Beijing	13	10	Caracas	30	27	Faro	18	15
Accra	28	25	Bombay	28	25	Casablanca	18	15	Frankfurt	18	15
Algiers	18	15	Buenos Aires	18	15	Chicago	18	15	Geneva	18	15
Amsterdam	18	15	Cairo	28	25	Cologne	18	15	Glasgow	18	15
Athens	18	15	Dakar	28	25	Dallas	18	15	Hamburg	18	15
Atlanta	18	15	Doha	28	25	Dar es Salaam	18	15	Helsinki	18	15
B. Aires	18	15	Dubai	28	25	Dublin	18	15	Hong Kong	18	15
Bham	18	15	Edinburgh	18	15	Durham	18	15	Honolulu	18	15
Bangkok	18	15	Geneva	18	15	Durham	18	15	Istanbul	18	15
Barcelona	18	15	Hong Kong	18	15	Durham	18	15	Jakarta	18	15
			London	18	15	Durham	18	15	Jersey	18	15
			Lyon	18	15	Durham	18	15	Karachi	18	15
			Madrid	18	15	Durham	18	15	Kuwait	18	15
			Moscow	18	15	Durham	18	15	L. Angeles	18	15
			New York	18	15	Durham	18	15	Las Palmas	18	15
			Osaka	18	15	Durham	18	15	Umea	18	15
			Paris	18	15	Durham	18	15	London	18	15
			Perth	18	15	Durham	18	15	Lisbon	18	15
			Prague	18	15	Durham	18	15	Lu. bourg	18	15
									Lyon	18	15
									Madeira	18	15

We wish you a pleasant flight.

Lufthansa

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INTERNATIONAL COMPANIES AND FINANCE

Solid advances at BASF and Bayer

By Conner Middelmann
in Frankfurt

BASF and Bayer, two of Germany's leading chemicals groups yesterday announced plans to pay higher dividends in response to a sharp rise in profits.

BASF said it planned to increase its dividend for 1994 to DM10 a share from DM8 per share, while Bayer said it planned to lift its dividend to DM13 from DM11 a share. Hoechst last week said it would raise its dividend by DM3 to DM10 a share.

Ludwigshafen-based BASF reported a 49.7 per cent jump in 1994 net profits to DM1.26bn (\$810m), based on a 7.7 per cent

rise in worldwide sales to DM43.7bn. The group's pre-tax profit was up 98.5 per cent at DM2.1bn.

The company will give a more detailed breakdown later but it said the strong results for the full year confirm a continuation of the trends highlighted in the group's nine-month report in November.

Bayer also reported healthy results, showing a net profit of DM2.01bn, up 46.6 per cent on the previous year. Its pre-tax profit rose 39.9 per cent to DM3.29bn. Turnover grew by 5.9 per cent to DM43.4bn. Earnings per share increased to DM30 from DM22.50.

For the first time, Bayer's accounts have been calculated

under accounting methods that meet the requirements of the International Accounting Standards Committee in London as well as German accounting principles. This is to facilitate the comparison of company accounts internationally, a Bayer spokesman said.

Although the companies' dividend increases were in line with market expectations, analysts were generally encouraged by their strong results. Across the chemical sector, companies have been reaping the rewards of cost-cutting and restructuring during the recession as well as benefiting from the global economic recovery, in particular the surge in the

chemical industry in the second half of 1994.

"These are good numbers - the earnings per share turned out to be above expectations in both cases," said Mr Charles Brown, European chemicals analyst at Goldman Sachs in London.

Analysts also noted that the recent strength of the D-Mark does not appear to be too great a threat to the German chemical sector. "Although the strengthening of the D-Mark has made things a bit tougher, I am not too nervous because the momentum behind these earnings is probably enough to accommodate some worsening of the exchange rate," Mr Brown said.

Losses on bonds push Skandia into red for year

By Christopher Brown-Humes
in Stockholm

Skandia, the Swedish insurer, slumped heavily into the red in 1994, with falling bond prices and currency changes more than offsetting better underlying insurance figures.

The group said realised and unrealised losses on its bond portfolio were the main reason for the SKr1.71bn (\$237m) management operating loss, a dramatic SKr5.7bn swing from profits of SKr4.07bn in 1993.

A better second-half performance enabled the company to recover from a SKr2.4bn loss after the first six months.

The company adjusts its investments to the lower of cost or market value to comply with Swedish regulatory guidelines. Its 1993 figures were inflated by hefty bond price increases.

Mr Björn Wolrath, chief executive, said the group's underlying insurance performance had improved sharply, due to tighter cost control in non-life business and fast growth in unit-linked life operations. This was reflected in an improved insurance profit of SKr1.71bn, compared with SKr1.08bn.

The figures reflected strong results from the group's Swedish and Norwegian operations and from UK unit NIG Skandia. However, there were disappointing performances from Skandia's Danish unit and Skandia America Corp in the US.

Mr Wolrath caused turmoil in Sweden's financial markets last summer when he announced a boycott of new Swedish bond issues to encourage tougher measures to cut state debt. The ban has since been rescinded.

Skandia has increased its emphasis on unit-linked life assurance, helping to boost total premiums by 20 per cent to SKr52.2bn, while reducing the extent of its reinsurance operations.

The dividend was held at SKr2 a share. The group's net asset value at the end of the year was SKr15.8bn, unchanged from 1993.

SGS profits ahead 5.8% to record SFr207.4m

By Ian Rodger in Geneva

Société Générale de Surveillance, the international inspection, testing and insurance adjusting group, has reported a 5.8 per cent rise in 1994 net income to a record SFr207.4m (\$177.26m).

The operating performance was considerably stronger, with trading profits 13.8 per cent ahead at SFr370.2m on revenues up only 1.2 per cent to SFr2.67bn.

Mrs Elisabeth Salina, chairman, said North American business, especially in the insurance sector, improved significantly and the group's restructuring efforts in Germany and other important markets had begun to pay off.

"We are especially pleased

because we have achieved this result in a difficult environment and in spite of the negative effect of the strong Swiss franc," Mrs Salina said.

The directors are proposing an 8.7 per cent rise in dividends to SFr50 per bearer share and SFr10 per registered share.

Mrs Salina said she expected greater benefits from restructuring and streamlining this year. "That should enable us to continue the profit improvement trend," she said, although she cautioned again about exchange rate distortions.

SGS published operating profit breakdowns for the first time, showing that nearly two-thirds came from European countries.

Another 16 per cent came from the Asia/Pacific region where the group has important government contracts. North America accounted for 12 per cent.

Inspection and testing services provided 87 per cent of profits with services to the insurance industry 9 per cent.

Pre-tax profits grew only 4.6 per cent to SFr351.5m, mainly because of sharply lower revenues from investing the group's net liquid reserves. A SFr12.2m provision was made to cover the decline in market value of securities held.

Mrs Salina revealed Deutsche Bank had purchased some shares and joined the core group of shareholders that holds a 41.9 per cent voting stake.

BP Chemicals benefits from surgery

Focusing on core activities prompts return to health, writes Tim Burt

British Petroleum announced yesterday that the operation was at an end, and the patient had survived.

After lengthy and complex surgery, BP Chemicals has survived a punishing disposal and cost-cutting programme, and emerged as one of the group's fittest divisions.

It completed its withdrawal from non-core activities by yesterday agreeing to sell BP Antwerp - one of its largest specialty chemicals sites - to Inspec, the fast-growing chemicals manufacturer, for £80.4m (\$128m).

The restructuring has begun to pay off. Rising chemical prices helped lift the division to a £262m profit last year - the highest since 1989.

The improvement is all the more pleasing given that the division reported losses of more than £50m over the past two years. This included hefty restructuring costs, reflecting the burden of industry-wide overcapacity and severe price competition.

Unable to devote the time to turning round fringe operations, BP Chemicals set about a phased disposal programme which has raised more than £400m to date. The sale of Carborundum, which makes heat resistant materials, to the French glass manufacturer Saint-Gobain should take the total to about £470m.

There is, however, a suspi-

cion among a number of City of London analysts that BP Chemicals undersold some assets as part of the drive to reduce group debts.

Their concerns centre on Inspec and Zoteoams, the companies which acquired BP's fine chemicals and specialty foam businesses respectively.

Inspec, which raised £49.5m from its flotation last year, paid £42.5m in 1992 for BP Chemicals' plant at Hythe,

the buyers and not BP," says Mr Philip Morrish at Smith New Court. "They proved to have rather good product stables as far as investors were concerned."

His view is echoed by Mr Jeremy Chantry at Kleinwort Benson, who believes the disposals were forced on BP by the "traumatic time it had during the last recession".

It is a view rejected by the multi-national. The group,

amount for the Hythe site. Mr John Hollowood, chairman, says the group's handsome profits growth reflect restructuring and contributions from new acquisitions, rather than simply the benefits of a bargain deal with BP.

It outbid three other companies to secure BP Antwerp, with an offer close to the target's 1994 sales of £87.6m and 16 times its £4.95m operating profits.

Mr Hollowood still thinks the £80.4m price tag looks good value. As part of the package, Inspec will be taking over a glycol operation which BP spent £50m upgrading in recent years, while the other parts of the business promise both high margins and formidable barriers to competitors. Together, the company predicts those factors will help it to double pre-tax profits this year.

"We're buying into the site at a time when the industry is moving forward," Mr Hollowood adds.

In spite of Mr Hollowood's bullish forecast that BP Antwerp will lift earnings per share by almost 50 per cent in the first half of this year, BP is convinced it had little future as part of the oil and gas group.

"Where there is no competitive advantage, we withdraw," it says. "This was the case in Antwerp. We think we're selling in a buoyant market and that's reflected in the price."

Many of the disposals were made at the bottom of the market

near Southampton, where £13.7m had just been invested to improve efficiency. Since then, further investment and cost-cutting has fuelled a sharp increase in Inspec's profits, helping the company to become one of the most successful new issues of 1994.

Similarly, BP three years ago sold its south London specialty foams business to a management buy-out team for £19.5m - a little less than the group had spent re-equipping the plant in preceding years.

Zoteoams, as the business was renamed, last month floated at 145p and has seen its shares move skyward, amid reports of market dominance and a 62 per cent rise in annual pre-tax profits to £4.59m from £2.83m.

"These were good deals for

which says it may yet sell the remaining parts of its advanced materials business, claims it extracted the best possible prices from its disposal programme.

"There is not a feeling that we undersold anything. Given the market conditions at the time, we got the right price," according to the company.

The problem was that many of the disposals were made at the bottom of the market.

"We were the beneficiaries of BP selling at the worst possible time," says Mr Bill Fairservice, managing director at Zoteoams. "They had little choice. They needed to raise £2bn from disposals and to sell anything that would fetch cash."

Inspec, which remains a BP supplier, is a little more coy. It believes it paid the right

Challenge to buy-back ruling

Société Générale de Surveillance is challenging an informal ruling by the Swiss federal finance ministry that would tax heavily share buy-backs, writes Ian Rodger.

Two years ago, SGS was one of the first Swiss companies to offer to buy back some of its shares for cancellation as a way of distributing excess liquidity.

It did so by issuing free options to all shareholders. The tax authorities ruled at

the time that the options themselves would be tax free.

The company would be obliged to deduct the 35 per cent withholding tax on its distributions, but this could be reclaimed by tax exempt institutions and avoided by others by selling their options.

"This is one of the best ways to improve shareholder value," Mrs Elisabeth Salina, the SGS chairman, said yesterday.

SGS contemplated launching another buy-back this year, but Mrs Salina said the federal tax authorities advised that they would now tax both the options and the proceeds from the share sales.

She said this meant that the tax burden would be too high. "We have decided to appeal to clarify the issue. The case is important and everyone is interested in sorting it out as quickly as possible," she said.

Sonae gives in over BPA bid

By Peter Wise in Lisbon

The £230bn (\$2.07bn) bid for Banco Português do Atlântico, Portugal's second largest bank, is virtually assured of success after a decision by the conglomerate Sonae, a leading BPA shareholder, to abandon efforts to resist the offer led by Banco Comercial Português.

Sonae, announcing it would sell its 7.27 per cent holding to BCP at the offer price of £2,800 a share, alleged the government had broken a commitment to give control of partially-privatised BPA to existing shareholders and was clearly supporting the BCP bid.

The decision by Sonae almost guarantees that BCP, the fifth largest bank, and Imperio, Portugal's largest insurance company, will receive sell orders from more than 50 per cent of BPA shareholders, the minimum required for their joint bid for 100 per cent to be successful.

BPA shares rose to £2,770 at the close yesterday from £2,685 on Monday. The price has increased from £2,210 when BCP and Imperio announced their bid on January 9. The deadline for accepting the offer is March 22. Sonae shares rose to £1,935 yesterday from £1,910 on Monday.

Sonae, a leading retail and industrial group, heads a group of Portuguese companies which together own 25.2 per cent of BPA. Sonae had been leading opposition by the core group to the bid but it said it had given up the fight, alleging the BCP offer had been favoured by the government.

The government rejected a BCP bid for 40 per cent of BPA last year, partly on the grounds of commitments to existing BPA shareholders. However, it has approved the current bid and agreed to sell the state's remaining 24.4 per cent holding in BPA in the offer.

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January 1995

Invitation to the Annual General Meeting

Notice is hereby given that the Annual General Meeting will be held at 10 a.m., on Tuesday, 25 April 1995, at the Jahrhunderthalle Hoechst, Frankfurt am Main

The full agenda, including the proposed resolutions, is contained in the Bundesanzeiger no. 52 of 15 March 1995.

Shareholders wishing to be present and to vote at the meeting must comply with Article 14 of the Articles of Association and deposit their share certificates during usual business hours by Tuesday, 18 April 1995, at the latest until after the Meeting, at one of the depositaries listed in the Bundesanzeiger no. 52 of 15 March 1995, or in the United Kingdom, at the offices of

S. G. Warburg & Co. Ltd.
1 Finsbury Avenue
London EC2M 2PA

Hoechst Aktiengesellschaft
Frankfurt am Main,
March 1995

Agenda

1. Presentation of the approved annual financial statements, the Group financial statements as well as the summarized management reports of Hoechst Aktiengesellschaft and the Hoechst Group for the financial year 1994, together with the report of the Supervisory Board
2. Resolution on the appropriation of retained earnings
3. Ratification of the acts of the Board of Management
4. Ratification of the acts of the Supervisory Board
5. Election of the auditors for the financial year 1995

Hoechst

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Notice is hereby given that the Rate of Interest has been fixed at 6.4375% and that the interest payable on the relevant Interest Payment Date September 15, 1995, against Coupon No. 18 in respect of US\$10,000 nominal of the Notes will be US\$329.03 and in respect of US\$250,000 nominal of the Notes will be US\$8,225.75.

March 15, 1995, London
By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANK

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Dividend Notice

At the Annual General Meeting held on March 8, 1995, the shareholders decided the payment of a dividend of US\$ 0.34 per share, payable on or after March 23, 1995 to shareholders on record on March 8, 1995 against surrender of coupon N° 20. The shares will be quoted ex-dividend as from March 8, 1995.

By order of the Board of Directors

US \$33,750,000

European Investment Bank
Floating Rate Notes due 2008

For the period from March 15, 1995 to September 15, 1996 the Notes will carry an interest rate of 6.0% per annum with an interest amount of US \$33,750,000 per US \$100.

The relevant interest payment date will be September 15, 1995.

Agent Banks:

BANQUE PARIBAS
1011 Avenue

Ferrovie dello Stato

LIT 500,000,000,000
Floating Rate Notes due 2002
LIT 700,000,000,000
Floating Rate Notes due 2002

For the period from March 15, 1995 to September 15, 1996 the Notes will carry an interest rate of 6.0% per annum with an interest amount of LIT 500,000,000,000 and of LIT 700,000,000,000 per LIT 100,000,000.

The relevant interest payment date will be September 15, 1995.

Agent Banks:

BANQUE PARIBAS
1011 Avenue

Bank of Greece

Athens, Greece

U.S. \$250,000,000

Floating Rate Notes due 1999

For the six months 14th March, 1995 to 14th September, 1995, the Notes will carry an interest rate of 6.875% per annum with a coupon amount of U.S. \$351.39 per U.S. \$100,000 Note, payable on 14th September, 1995.

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INTERNATIONAL COMPANIES AND FINANCE

Suitor of Maple Leaf plans wide restructuring

By Bernard Simon
in Toronto

The group seeking control of Maple Leaf Foods plans to replace the Canadian food processor's chief executive and launch a wide review of its operations if its bid succeeds.

Hilldown Holdings, the UK conglomerate which owns 66 per cent of Maple Leaf, tentatively agreed earlier this month to a cash-and-shares offer from the group, led by Mr Wallace McCain.

Hilldown has been seeking a buyer for some time. It would therefore be surprising if another bidder emerged before the McCain group's offer closes on April 20.

Mr McCain said he planned to remain vice-chairman and a one-third shareholder of McCain Foods, the international frozen foods group, after a long-running feud with his brother Harrison. He said yesterday that while Maple Leaf had made great strides in its five years under Hilldown's control, "we believe there's more fruit on the tree".

An offering circular released yesterday said Maple Leaf would "limit its focus to fewer lines of business" under new

ownership. Its flour-milling interests are expected to be early candidates for disposal. The new owners would also expand Maple Leaf's international business, which accounts for about a quarter of its C\$2.2bn (US\$2.3bn) annual sales.

Mr McCain said another former executive of McCain Foods, Mr Archie McLean, would take over as Maple Leaf's chief executive officer. The future of Mr Brent Ballantyne, Maple Leaf's current chief executive, is "under discussion", he said. Two of Mr McCain's sons, Michael and Scott, plan to join Maple Leaf in senior positions.

Mr McCain said he planned to remain vice-chairman and a one-third shareholder of McCain Foods, the international frozen foods group, after a long-running feud with his brother Harrison. He said yesterday that while Maple Leaf had made great strides in its five years under Hilldown's control, "we believe there's more fruit on the tree".

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Air France's tough guy faces ultimate test of strength

Critics say the carrier's chairman needs to move faster and further with his rescue plan, writes John Ridding

As befits a product of the French south-west, the rugby-mad region north of the Pyrenees, Mr Christian Blanc can be a tough customer.

After protracted negotiations, the cigar-smoking chairman of Air France believes he is set to recoup all of the airline's FF1bn (\$200m) investment in Sabena, in spite of a fall in the value of its Belgian partner. He is now bracing himself for a test of strength with Boeing of the US and Airbus, the European consortium, having thrown down the gauntlet by announcing plans to cancel orders and options for airliners.

The big question, however, is whether he is being tough enough at Air France. On taking the controls at the French flag carrier after a disastrous strike in autumn 1993, Mr Blanc was charged with reversing losses of more than FF5bn that year and rendering competitive one of France's most bureaucratic and inefficient businesses. As he puts it himself, "It was a miracle that the airline still existed at the end of 1993."

At the beginning of last year, after months of consultations with workers and unions, he launched his rescue plan. Its headline objectives are a 30 per cent increase in productivity

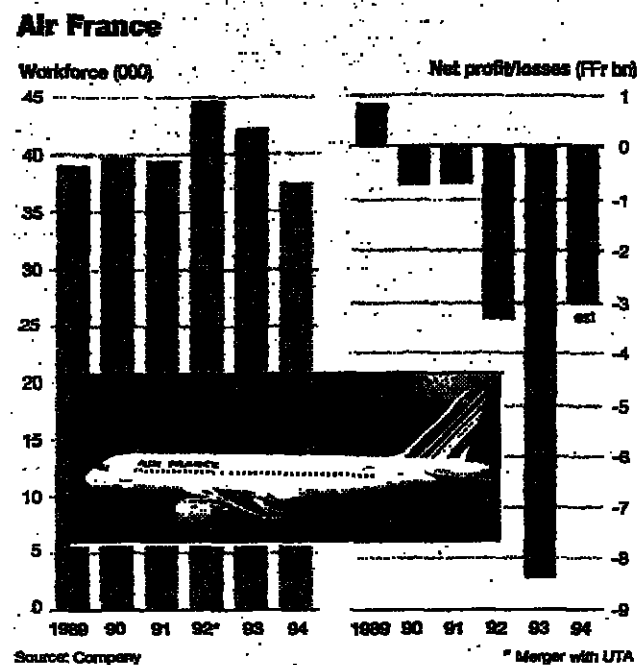
by the end of 1997, a reduction of 5,000 in the workforce, and a restructuring of the company's fleet and management.

Just over one year into the plan, however, some question whether he is going far enough or fast enough. European skies are due to be fully liberalised in 1997, and Air France's rivals are not standing still. Lufthansa is back in the black, while British Airways is expected to report profits in excess of \$450m (\$720m) for the year to end-March. "The problem for Air France is that they are chasing a moving target," says one airline industry analyst.

Mr Blanc is sanguine in the face of such considerations. He says his rescue plan is on schedule and that between 25-30 per cent of the journey has been achieved. The company will achieve its objective of reducing losses to about FF1.5bn for the 15 months to end-March, he says, adding that costs were cut 7 per cent last year while occupancy rates rose 14 per cent.

Mr Blanc, however, is under no illusions about the scale of the task that remains. "There is a lot of very hard work to do."

Nowhere is the task greater than in the revival of receipts. Air France airliners may be more full, but the constant ero-



sion of international air fares and the French carrier's own incentives to attract passengers mean the most important measures of revenues have continued to suffer. According to Mr Blanc, revenues per passenger per kilometre fell by 9 per cent last year and revenues per seat per kilometre declined by 2 per cent.

In response, the company is launching a series of products. Tomorrow, it is due to unveil redesigned cabins and services for its European operations. In October, it will introduce a revamp of its long-distance products.

By then, the French carrier may also have sealed an agreement with American Airlines

and Japan Airlines, its preferred partners in the formation of a global alliance.

The key to reviving revenues, however, lies in the airline's new yield-management system. Bought earlier this year from a subsidiary of American Airlines, the computer systems will help fix pricing and ticketing strategies to maximise revenues per passenger, an area in which the French carrier lags its rivals. The hitch is that the new systems will not be up and running until the first half of next year. "We will be living dangerously for a while," admits Mr Blanc.

During this period, Air France will forge ahead with cost-cutting. According to Mr Blanc, purchasing costs will be reduced by FF1bn this year, while production costs will fall 12 per cent. On the purchasing front, savings will be made by reducing aircraft orders. Mr Blanc believes the need to rationalise the airline's fleet structure and the reorganisation of its routes means it can cut down on aircraft.

Hence the cancellation of orders from Boeing and Airbus. Hence, also, a strong response from the European aircraft consortium, which has indicated it could take legal proceedings to guarantee that the contracts are honoured

and deposits are paid. Mr Blanc appears ready to call such a bluff. "The outcome could have a big influence on future purchasing policy by Air France," says one banker involved in aviation finance. "Mr Blanc will be driving a hard bargain."

The Air France chief appears less of a tough guy, however, in his policy towards job cuts. "There is some idea that it is vital to cut as many jobs as you can," he says.

According to Mr Blanc, the reduction of the workforce by 5,000 prescribed in the current plan, in addition to 4,000 job cuts implemented by the previous management, should be sufficient.

Consequently, Mr Blanc rejects the idea that he has been constrained by political sensitivities and will seize the opportunity after the spring presidential elections to introduce additional job cuts. "We signed a contract with our staff and we will stick to it," he says.

As for an acceleration in his rescue mission, "we are going as quickly as we can. We must go at the rhythm of the possible," says the Air France chief. But as he knows, there is a lot riding on whether this pace is fast enough.



The government of Eduardo Frei, which will remain in power until the year 2000, marks a continuation of economic and political stability that has become the envy of Latin America. The survey will report on the country's economy, political scene, financial markets and more.

For more information on editorial content and details of advertising opportunities available in this survey, please contact:

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NOTICE OF REDEMPTION

MORTGAGE FUNDING CORPORATION NO. 1 PLC

Class A-1 Mortgage Backed Floating Rate Notes Due March 2020

NOTICE IS HEREBY GIVEN to Bankers Trust Company Limited (the "Trustee") and to the holders of the Class A-1 Mortgage Backed Floating Rate Notes Due March 2020 (the "Class A-1 Notes") of Mortgage Funding Corporation No. 1 PLC (the "Issuer") that, pursuant to the Trust Deed dated 31st March, 1988 (the "Trust Deed"), between the Issuer and the Trustee, and the Agency Agreement dated 31st March, 1988 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that in accordance with the redemption provisions set out in the Terms and Conditions of the Class A-1 Notes, Available Capital Funds as defined in the Terms and Conditions in the amount of £1,000,000 will be utilised on 31st March, 1995 (the "Redemption Date") to redeem a like amount of Class A-1 Notes. The Class A-1 Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon are as follows:

OUTSTANDING CLASS A-1 NOTES OF £100,000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW

256 559 589 592 654 660 874 962 1117 1668

The Class A-1 Notes may be surrendered for redemption at the specified office of any of the Paying Agents, which are as follows:

Morgan Guaranty Trust Company of New York P O Box 161 60 Victoria Embankment London EC4Y 0JP	Morgan Guaranty Trust Company of New York Avenue des Arts 35 B-1040 Brussels
Union de Banques Suisses (Luxembourg) S.A. 36-38 Grand-rue L-2011 Luxembourg	First Trust of New York National Association 100 Wall Street Suite 1600 New York, New York 10005

In respect of Bearer Class A-1 Notes, the Redemption Price will be paid upon presentation and surrender, on or after the Redemption Date, of such Notes together with all unstamped coupons and talons appertaining thereto. Such payment will be made (i) in sterling at the specified office of the Paying Agent in London or (ii) at the specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with a Town Clearing branch of a bank in London. On or after the Redemption Date interest shall cease to accrue on the Class A-1 Notes which are the subject of this Notice of Redemption.

MORTGAGE FUNDING CORPORATION NO. 1 PLC

By: Morgan Guaranty Trust Company
as Principal Paying Agent
Dated: 15th March, 1995

NOTICE

Withholding of 31% of gross redemption proceeds of any payment made within the United States is required by the Internal Revenue Code of 1986 and amended by the Energy Policy Act of 1992 unless the paying agency has the correct taxpayer identification number (social security or employee identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent if presenting your Class A-1 Notes to the Paying Agent in New York.

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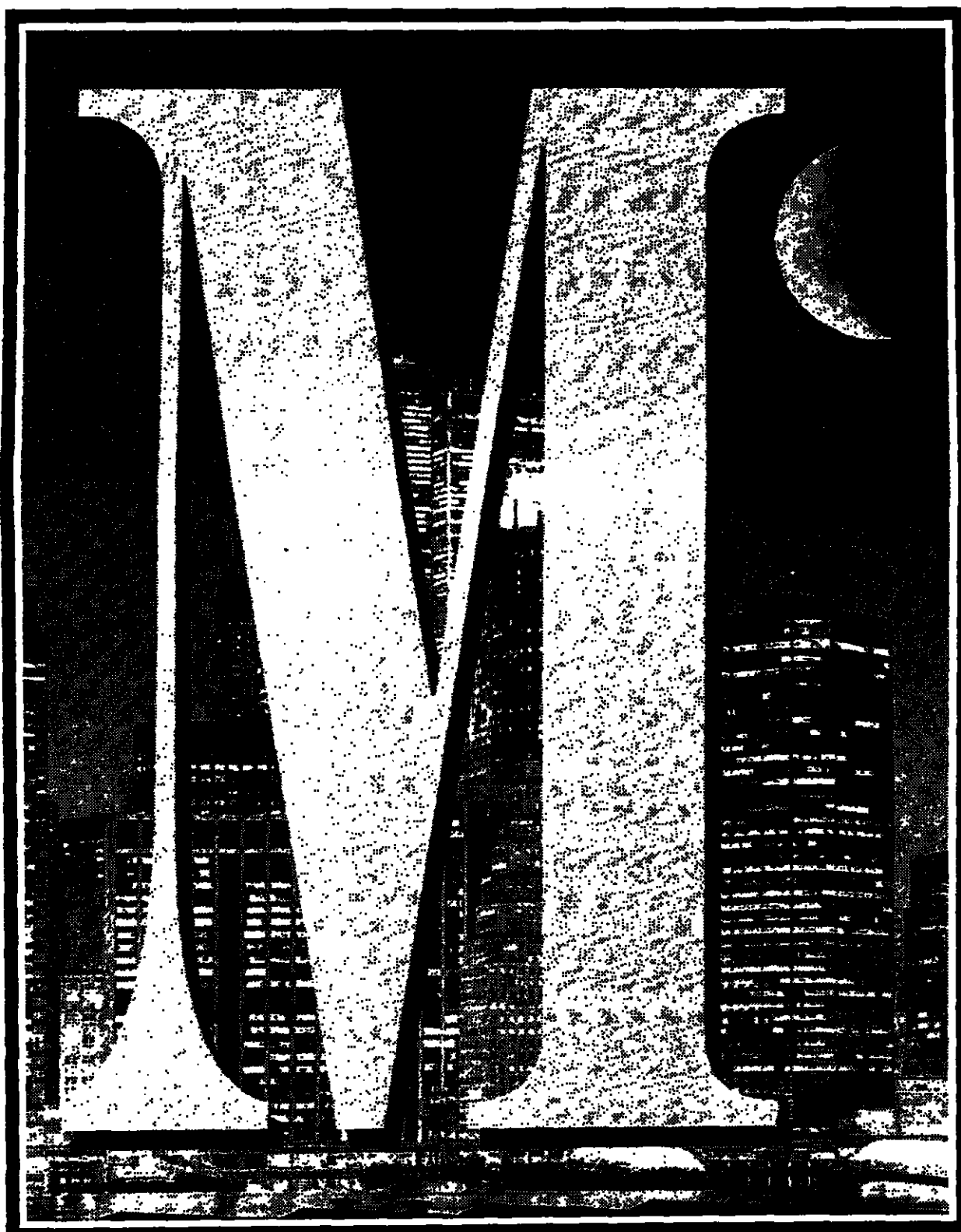
U.S. \$250,000,000

Floating Rate Notes Due December 1995

Notice is hereby given that the Rate of Interest has been fixed at 6.4375% and that the interest payable on the relevant Interest Payment Date June 15, 1995, against Coupon No. 6 will be US\$82.26 in respect of US\$5,000,000 nominal of the Notes and US\$1,645.14 in respect of US\$100,000 nominal of the Notes.

March 15, 1995, London
By: Citicorp, N.A. (Issuer Services), Agent Bank

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INTERNATIONAL COMPANIES AND FINANCE

New currency bolsters Petrobrás

By Angus Foster
in São Paulo

Petrobrás, Brazil's government-controlled oil company, yesterday announced sharply higher profits.

However, analysts cautioned that underlying growth was difficult to assess because of accounting factors related to the introduction of the Real currency.

Petrobrás said profits after tax and minority interests rose 48 per cent to R\$1.21bn (US\$1.38m) from R\$818.9m in the year to December 31. Mr Joel Mendes Rennó, president, said the company "once again

overcame all the challenges" and finished the year "more solid, more competitive and more efficient".

Comparing the two periods is difficult because in 1993 Petrobrás received R\$129.7m from the sale of shares in a subsidiary. Last year, it had gains of R\$1.44bn from the rise of the Real against the dollar, after the new currency was launched in July.

Turnover rose slightly to R\$2.6bn from R\$2.6bn, while gross profits before operating costs fell by R\$900m to R\$8.08bn. Earnings per block of 1,000 shares climbed 11 per cent to R\$11.16.

Year-end debt stood at US\$4.64bn, of which US\$2.95bn is short term.

Petrobrás said it had made "countless" studies on partnerships and joint ventures in "practically all areas of the petroleum sector".

Under Brazil's constitution, Petrobrás has a monopoly on the exploration, refinery and transport of petroleum and natural gas.

However, reforms are before Congress to allow more private-sector involvement in the industry.

The company said it would propose a dividend of R\$1 for every 1,000 shares.

Cessna returns to single-engine production

By Richard Tomkins
in New York

Cessna Aircraft, the light aircraft manufacturing subsidiary of US industrial conglomerate Textron, is to start making single-engine aircraft again after quitting the business in 1984.

It said yesterday it would make 2,000 single-engine aircraft a year at a new plant in Independence, Kansas, starting in autumn next year. The move is expected to generate \$300m a year in revenues.

Cessna once dominated the single-engine aircraft business with more than 50 per cent of the world market. It dropped out in 1984 because of the cost of meeting product liability claims arising from accidents involving aircraft it had made many years earlier.

That changed last autumn when the US Congress passed the General Aviation Revitalisation Act. This imposed an 18-year limit on manufacturers' liability, relieving the industry of responsibility for two-thirds of all general aviation aircraft flying today.

Mr. Russ Meyer, Cessna chairman and chief executive, said the average single-engine aircraft was 29 years old, and research showed there was a big demand for new units, especially among people learning to fly.

Cessna will reintroduce four updated versions of models that proved popular in earlier years: the 172, 182, 300 and 440. Each will have technological and operational improvements.

Cessna decision to return pits it against other companies vying for a larger share of the general aviation market, including Aerospaciale of France and Toyota of Japan.

NEWS DIGEST

Higher provision against loans hits Crédit Agricole arm

Crédit Agricole de l'Île de France, the largest of the regional entities that make up France's biggest mutual bank, yesterday reported a fall in net income of nearly 25 per cent, to FF134.5m (\$70.6m) in the year to December 31 1994, writes Andrew Jack in Paris.

The sharp drop in profits, from FF146.4m in the previous year, followed the company's decision to increase provisions by 24 per cent to FF193.8m, mainly because of loans to the property sector.

Mr. Edouard Espartaco, managing director, said that although risks did not increase in 1994, Crédit Agricole had decided to take a strong line on provisions to create room for flexibility.

The increase in provisions gives it a total rate of cover against loans of 46 per cent, including 50 per cent on property, 37 per cent on corporate deals and 13 per cent on personal loans.

Operating income during the year dropped 7 per cent to FF11.19bn, and total banking income fell 9 per cent to FF2.99bn. Mr. Espartaco said there would be fewer negative financial factors and lower provisions in the 1995 results.

Group 1994 figures are expected to be published on April 6.

Profits at Holderbank advance 41.5%

Holderbank

8 share price (Sfr)

1,100

1,000

900

800

700

Ad 1994 95

Source: Datastream

Holderbank, the world's largest cement group, has reported a 41.5 per cent jump in 1994 net income, to Sfr406m (\$347m). The Swiss group said the rise reflected "generally buoyant construction activity", writes Ian Rodger in Zurich.

It also confirmed it was appealing against an Ecu15.32m (\$11.6m) fine imposed by the European Commission last December for alleged price fixing in EU markets.

Holderbank's EU-based subsidiaries will also launch appeals to the Court of First Instance in Luxembourg.

Net sales rose 8 per cent in 1994, to Sfr5.1bn, and operating profit advanced 22.7 per cent to Sfr1.2bn. Holderbank attributed the improvement to rising demand and prices in several markets. Further details will be published next month.

Big salary increase for IBM chairman

Mr. Lou Gerstner, IBM chairman, received a big increase in salary and bonuses for 1994 based on the "above target" financial performance of the company, according to a proxy statement sent to shareholders, writes Louise Kehoe in San Francisco.

For 1994, his salary was \$2m. He also received bonuses worth \$2.6m. In 1993, he earned a salary of \$1.5m and bonuses of \$1.25m. Mr. Gerstner joined IBM in March 1983. Mr. Gerstner also received \$7.8m from IBM in 1994 in lieu of stock options from his former employer, RJR Nabisco. He received \$4.9m

from IBM in 1993 for forfeiting RJR stock option benefits.

Mr. Gerstner also received 225,000 shares in stock options from IBM during 1994, according to the proxy. He received 500,000 shares in the previous year.

The company's net income in 1994 was \$3,020m, after adjusting for the sale of Federal Systems and other items. IBM reported a loss of \$8.1bn in 1993, including restructuring charges.

Norsk Hydro, Mobil agree equity deals

Norsk Hydro, Norway's largest listed company, and Mobil Development Norway have agreed deals on equity shareholdings in two Norwegian North Sea licences. Financial details were not disclosed, writes Karen Fosell in Oslo.

Hydro sold Mobil 5 per cent of its equity stake in Block 30/9, Oseberg South, reducing its shareholding to 25 per cent. Mobil previously had no shareholding in the licence.

Oseberg South contains estimated oil reserves of 250m barrels. The plan is to develop it once spare capacity is available on the nearby main Oseberg field platform.

Mobil sold Hydro 15 per cent of its 40 per cent shareholding in Block 35/11, in a deal leaving each of the companies with a 25 per cent equity stake in the block. The deal also transfers operational responsibility of the field to Hydro from Mobil.

Block 35/11 contains estimated reserves of 113m barrels.

Both deals must be approved by the companies' boards and the Norwegian energy authorities. They must also be agreed by the other partners in the two blocks.

Canam Manac sells steel mini-mill

Canam Manac, a steel joint maker with plants in Canada, the US, Mexico and France, has sold its MRM steel mini-mill in Manitoba to Brazil's Grupo Gerdau Empreendimentos for C\$160m (US\$113.3m) cash, writes Robert Gibbons in Montreal.

Canam bought the mill from Canadian Pacific for C\$100m in 1987. It will post a pre-tax gain of C\$18m on its sale, and debt will dip from C\$175m to C\$63m.

MRM accounted for 30 per cent of Canam's annual sales. It will now concentrate on expanding its steel building products business.

Kellogg plans further share repurchasing

Kellogg, the US food group, said it expected to spend the \$325.4m authorised for share repurchases this year. AP-DJ reports from Battle Creek, Michigan.

In its latest annual report, Kellogg said it spent \$327.2m to buy back 6,194,600 common shares last year, and this year management planned to use the full \$325.4m authorised.

The group said its long-term debt at year-end stood at \$719.2m, up from \$621.6m a year earlier, while shareholders' equity totalled \$1.81bn, up from \$1.71bn.

Kellogg reiterated that it expected to take a pre-tax charge of between \$30m and \$40m in the second or third quarter.

This will reflect expenses from the acceleration of pension and healthcare benefits, and cash outlays for employee separation payments.

Sotheby's continues recovery

By Maggie Urry
in New York

Sotheby's, the auction house, financial services and property group, continued its recovery in 1994, with net income rising to \$20.3m from \$19.3m.

However, net income in the important fourth quarter dipped to \$17.8m from \$20.6m, largely because of the timing of auctions.

Currency movements lifted net income by \$900,000.

Earnings per share for the year rose to 36 cents from 35 cents, but declined to 31 cents

from 38 cents in the fourth quarter.

Profits from the auction business fell to \$34m before tax from \$34.2m, as auction revenues for the year rose 2 per cent to \$239m and expenses increased 4 per cent to \$210m.

Auction sales improved in most categories but fell in two important areas: sales of impressionist and modern art were down 28 per cent, while jewellery sales dropped 17 per cent.

Mrs. Diana Brooks, chief executive, said activity in the

impressionist and modern art area was showing significant improvement.

This spring, Sotheby's expects to sell a collection for at least \$40m.

The financial services business increased pre-tax profits to \$2.7m from \$2.3m as the loan book grew from an average \$112m in 1993 to \$126m in 1994.

Sotheby's International Realty increased pre-tax profits to \$3m from \$2.07m, largely because of the strength of the New York and Florida property markets.

Wolters Kluwer up 20% for year

By Ronald van de Krol
in Amsterdam

Wolters Kluwer, the Dutch-based publisher active in professional, scientific and educational markets, reported a 20 per cent increase in 1994 net profit, and forecast a further improvement in 1995.

The 1994 rise, in line with analysts' expectations and the company's forecasts, took net profit to Fl 382m (\$242m) from

Fl 318m in 1993. The dividend is to be raised to Fl 1.80 from Fl 1.52, up nearly 18.5 per cent.

Turnover was up 5 per cent at Fl 2.74bn compared with Fl 2.62bn. Excluding divestments and currency movements, sales in the group's core activities rose 10 per cent, of which about half was attributed to acquisitions.

Wolters Kluwer, one of the Netherlands' three biggest international publishing

groups, spent Fl 280m from internal resources on acquisitions last year. Acquisitions included takeovers in Germany, Austria, Denmark, the US, Italy and in eastern Europe. The group is active in 17 countries in Europe and North America.

In 1994, earnings per share rose, on a fully-diluted basis, by more than 18 per cent to Fl 5.75 from Fl 4.86 in 1993.

Alcan Aluminium names next chairman of board

By Robert Gibbons in Montreal

Alcan Aluminium will name Dr. John Evans chairman of the board following its annual meeting on April 27. He will succeed Mr. David Morton, who is not standing for re-election as a director.

Mr. Morton became chairman in 1988 and was also chief executive until retiring from that post in 1993.

Alcan said yesterday its board had decided to continue keeping separate the positions of chairman and chief executive.

Mr. Jacques Bougie took over from Mr. Morton as chief executive in 1993, and has overseen a broad restructuring of Alcan's businesses.

Dr. Evans, a former president of the University of Toronto, has been an Alcan director since 1986. He also sits on the board of several other companies.

"Alcan is now reaping the benefits of lower costs and improving markets, and this is an appropriate time to complete my handover," said Mr. Morton.



1994 NET INCOME AFTER MINORITY INTERESTS: FF 626 MILLION

CANAL+, Europe's leading pay-television group, said that its Board of Directors had approved the consolidated accounts for the year ended December 31, 1994.

Highlights of the accounts were as follows:

(FF millions)	1994	1993	% change
Revenue			
Subscriptions	7,447	7,066	+ 5.4
Advertising and sponsoring	426	439	- 2.9
Other goods and services	1,694	1,170	+ 44.8
Total revenue	9,567	8,675	+ 10.3
Operating income	1,442	1,650	- 12.6
Net interest income (expense)	(29)	159	-
Equity in losses of associated companies	(255)	(220)	-
Exceptional items, net of tax	(94)	133	-
Net income after minority interests and before exceptional items*	674	1,066	- 36.8
Net income after minority interests*	626	1,202	- 47.9

* After amortization of goodwill for an amount of FF 72 million in 1994 and of FF 44 million in 1993.

Consolidated revenues rose 10.3% in 1994, thanks to strong growth in the CANAL+ and CANALSATELITE subscriber portfolios in France and to the contribution of the Group's film and television production subsidiaries.

Consolidated operating income declined by 12.6%, despite the noticeable improvement in the results of CANALSATELITE, whose loss was reduced almost by half to FF 126 million. The operating margin narrowed for three main reasons: the growth in programming costs related to the parent channel's regulatory obligations, the increase in depreciation charges on new decoders now being installed and the provisions made for La Studio CANAL+'s production activities.

Net financial expense amounted to FF 29 million, as lower short-term interest rates sharply reduced the amount of financial income.

Despite improving results from the Spanish and Belgian CANAL+ channels and from the French thematic channels, equity in losses of associated companies increased in 1994. This was primarily because of the launch of thematic channels in Spain, the increase in CANAL+'s interest in the French cable operator CGV, and the consolidation of the Vox channel in Germany as from November 1.

Exceptional items, net of tax swung to a net FF 94 million expense from income of FF 133 million in 1993. Dilution gains from the sale of shares in CANALSATELITE were recognized in 1993 and 1994 in amounts respectively of FF 140 million and FF 70 million. Due to persistent difficulties at the Caracol production company, in which La Studio CANAL+ owns a 17% interest, the shares of and loans to this company were fully written down in 1994. This additional provision had a FF 120 million impact on La Studio CANAL+'s accounts, taking into account a tax credit.

After amortization of FF 72 million in goodwill (compared with FF 44 million in 1993), net income after minority interests amounted to FF 626 million for the year. Excluding exceptional items, net income after minority interests declined by 36.8% to FF 674 million. This result was achieved despite the more than FF 400 million negative impact of activities that have not yet reached breakeven.

Consolidated cash flow rose by 20.3% to FF 2,804 million, fully covering the FF 2,444 million in consolidated investments made during the year. This maintained the Group's cash position at a high FF 2.4 billion, compared with total debt of FF 1.3 billion. Shareholders' equity amounted to FF 7 billion at year-end.

The Board of Directors will ask shareholders at the Annual Meeting on June 20 to approve the payment of a dividend of FF 15 per share (FF 22.5 including tax credit) for the year. Shareholders may elect to reinvest their dividend in new shares.

In 1995, revenues are expected to increase by around 5%, primarily due to growth in subscriber revenues. The sound commercial performance of the parent company will enable it to deal with the increase in expenses noted in 1994 which is forecast to continue in 1995. Concerning other business units, expenses related to the introduction of digital broadcasting and the cost of developing new projects such as Vox or CANAL+ Poland do not offer any perspective for growth in 1995 consolidated net income.

HAVAS CONFIRMS ESTIMATES FOR 1994

Havas confirms estimates published following the meeting of its Board of Directors on February 9, 1995. 1994 net income, Groupe share, should reach FF 935 million, a 32.1% rise on the FF 708 million reported in 1993. Full financial statements for the year will be adopted by the Board of Directors on April 13, 1995.

For further information, please contact:
Jacques Bolelli - Investor relations

TEL: (+33/1) 47 47 31 39

136, AV. CHARLES-DE-GAULLE - 92200 NEUILLY-SUR-SEINE



European Investment Bank

Portuguese Escudos
30 Billion
Floating Rate Bonds
due March 2005
Notice to the Holders

Notice is hereby given that the Bonds will carry an interest rate of 11.725% per annum for the period 15.03.1995 to 15.09.1995

- PTE 2,955.34 per PTE 100,000 nominal
- PTE 29,553.42 per PTE 1,000,000 nominal
- PTE 296,534.25 per PTE 10,000,000 nominal
- PTE 1,477,671.23 per PTE 50,000,000 nominal

Luxembourg, March 15, 1995

Centa Inc.

(formerly Royal Trust Ltd.)
U.S. \$500,000,000
Floating Rate Subordinated
Debentures Due 1998

Notice is hereby given that the rate of interest for the six month period 15 March 1995 to 15 September 1995 has been fixed at 6.625% per annum. The amount payable per U.S. \$1,000 principal amount on 15 September 1995 will be U.S. \$662.50.

Bank of Montreal
as Agent

U.S. \$400,000,000

Hydro-Québec

Undated

Floating Rate Notes, Series GL,
Unconditionally guaranteed as to payment
of principal and interest by

Province de Québec

Interest Rate 6.5625% per annum
Interest Period 15th March 1995
15th September 1995

Interest Amount per
U.S. \$10,000 Note due
15th September 1995 U.S. \$335.42

CS FIRST BOSTON
Agent

U.S. \$500,000,000

CITICORP

Subordinated Bank Adjustable Note Capital Securities (BANCs)
Notice is hereby given that the Rate of Interest has been fixed at 6.73% and that the interest payable on the relevant Interest Payment Date June 15, 1995 against Coupon No. 34 in respect of US\$500,000 nominal of the Notes will be US\$862.50.

March 15, 1995, London
By: Citicorp, N.A. (Issuer Services), Agent Bank CITIBANK

U.S. \$200,000,000

Midland International Financial Services B.V.

(Incorporated in the Netherlands)
Guaranteed Floating Rate
Notes due 1998

Guaranteed (on a subordinated basis) as to payment of principal and interest by
Midland Bank plc

Notice is hereby given that for the six months interest period from March 15, 1995 to September 15, 1995 (184 days) the Note Rate has been determined at 6.625% per annum. The interest payable on the relevant interest payment date, September 15, 1995 will be U.S. \$335.42 per U.S. \$10,000 nominal amount.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

March 15, 1995

U.S. \$200,000,000

BANQUE PARIBAS

US\$200,000,000
Undated floating rate
securities

In accordance with the provisions of the securities, notice is hereby given that for the three month interest period from 15 March 1995 to 15 June 1995 the securities will carry an interest rate of 6.625% per annum. Interest due on 15 June 1995 will amount to US\$16.93 per US\$1,000 security.

Agent: Morgan Guaranty Trust Company

JPMorgan

March 15, 1995

CHASE

US\$100,000,000

Subordinated Collateral Floating Rate Depository Receipts due 2003 issued by

The Low Debt Trust Corporation plc evidencing
entitlement to payment of
principal and interest on
deposits with Banca di Napoli
Hong Kong Branch

The receipts will bear interest at 6.573% per annum from 15 March 1995 to 15 September 1995. Interest payable on 15 September 1995 will amount to US\$32.58 per US\$1,000, US\$325.83 per US\$10,000 and US\$3,258.33 per US\$100,000 receipt.

Agent: Morgan Guaranty Trust Company

JPMorgan

March 15, 1995

CHASE

U.S. \$175,000,000

Lehman Brothers Holdings PLC

(Incorporated in England. Formerly named
Lehman Brothers Holdings PLC)
Guaranteed Floating Rate
Notes due 1995

Consent to payment of principal and interest unconditionally and irrevocably by
Lehman Brothers Holdings Inc.
(Incorporated in the State of Delaware.
Formerly named Citicorp Lehman Brothers
Holdings Inc.)

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from March 15, 1995 to June 15, 1995 the Notes will carry an interest rate of 7.0625% per annum. The amount payable on June 15, 1995 will be U.S. \$16.95 for Notes in denominations of U.S. \$1,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

March 15, 1995

CHASE

BRADESCO

BANCO BRADESCO S.A.

PUBLICLY TRADED IN BRAZIL
 2,853,705 - Shareholders
 811,241,430,552 - Outstanding stock
 Head Office: Cidade de Deus
 Osasco - São Paulo - Brazil
 Phone: (55 11) 701-4011
 Fax: (55 11) 258-8742

New York Branch
 450 Park Avenue, 32nd/33rd floors
 New York, NY - 10022 - USA
 Phone: (212) 868-5553 - Fax: (212) 754-4032
Grand Cayman Branch
 Calcutt House, 3rd floor - Mary Street
 George Town, Grand Cayman, Cayman Islands, B.W.I.
 Phone: (809) 945-1200 - Fax: (809) 945-1450
London Representative Office
 Bucklebury House
 3 Queen Victoria Street
 London EC4N 3EL, England
 Phone: (071) 827-0027 - Fax: (071) 827-0028

SUMMARY OF THE 1994 ANNUAL REPORT

Bradesco's management has decided to publish a summary in English of its Annual Report for the year ended December 31, 1994, with the scope to maintain updated its international customers and investors. The main aspects of the 1994 Annual Report are summarized as follows:

The Company

Bradesco is the largest private commercial bank in Brazil in terms of assets, deposits and net worth and engages in a wide variety of activities in addition to retail banking, such as commercial lending, mortgage lending and international business operations.

The Bank has 1,845 full-service branches throughout Brazil, all of which operate on an "on-line, real time" communications and data processing network. In addition, it has 528 special detached banking units at large corporations and also operates 18 branches specialized in international business in Brazil and two foreign branches, one in New York and the other in

Grand Cayman, and a representative office in London. Bradesco's clients maintain over 21 million accounts and approximately one out of every five economically active Brazilian does business with Bradesco.

The Bank has been a leader in developing and implementing data processing and electronic banking services in Brazil. It also operates a highly sophisticated data processing center via satellite communications to connect the branch network throughout Brazil to Headquarters.

Bradesco's banking network encompasses 4,313 service points and services over 2.7 million customers per day.

History

The Bank was founded in 1943 and became a commercial bank under the name of Banco

Brasileiro de Descontos S.A. Its administration is centralized in an office complex located in Osasco, São Paulo, known as "Cidade de Deus".

In 1948, the Bank began a major expansion program, opening new branches and acquiring other financial institutions. The major period of expansion occurred in the 1960s, when the Bank became the largest privately owned commercial bank in Brazil, a position which it has maintained to date.

In 1988, Bradesco's shareholders approved the establishment of a "multiple bank" through the merger of Bradesco S.A. Crédito Imobiliário, the Group's real estate finance institution at the time, into Banco Brasileiro de Descontos S.A., the Group's commercial bank and gave the consolidated institution its current name, Banco Bradesco S.A. Also, the Bank has carried out investment banking activities following the merger of its subsidiary, Banco Bradesco de Investimento S.A.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

	Thousands of U.S. dollars				Thousands of U.S. dollars				Thousands of U.S. dollars		
	1994	1993	1992		1994	1993	1992		1994	1993	1992
Balance sheet				Liabilities and stockholders' equity				Statement of Income			
Assets				Customer funds	11,862,833	7,215,306	6,326,227	Income from lending and trading activities	4,649,123	2,967,434	2,494,826
Cash	587,430	338,512	135,212	Deposits received under security repurchase agreements	915,099	3,499,090	960,807	Expenses	(1,736,186)	(967,054)	(690,234)
Interbank deposits	464,142	4,806,087	1,422,309	Borrowings and onlendings	2,240,401	1,552,467	1,015,584	Net income from financial intermediation	2,910,937	2,000,380	1,804,692
Trading securities and other assets	3,742,344	3,111,743	3,110,475	Technical insurance and pension fund provisions	1,531,451	894,075		Other operating expenses	(2,141,870)	(1,302,812)	(1,252,245)
Interbank and interdepartmental accounts	3,897,574	1,155,616	979,238	Other liabilities	2,784,279	2,242,637	1,942,913	Non-operating income (expenses)	35,354	(82,003)	44,056
Foreign exchange portfolio	1,448,400	2,025,045	1,406,254	Total liabilities	19,334,063	15,203,575	10,245,331	Income before taxes	804,421	615,565	596,503
Credit operations	9,736,390	3,690,747	3,336,605	Deferred income	4,713	71	83	Provision for income tax and social contribution	(269,785)	(240,037)	(296,634)
Other receivables	1,392,085	501,137	241,579	Minority interest	95,762	61,516	19,135	Minority interest	(7,790)	(5,478)	(10,883)
	20,369,365	15,919,897	10,632,071	Stockholders' equity	4,335,271	2,668,653	2,507,661	Net income for the year	526,946	369,052	299,986
Investments	701,870	481,102	1,010,918	Total liabilities and stockholders' equity	23,769,809	17,953,817	12,772,210				
Property and equipment	2,495,516	1,421,695	1,024,491								
Deferred charges	203,058	131,133	104,730								
	3,400,444	2,033,930	2,140,139								
Total assets	23,769,809	17,953,817	12,772,210								

NOTES

Basis of translation

The above condensed consolidated financial information was translated into U.S. dollars from the local currency financial statements prepared in accordance with accounting principles generally accepted in Brazil.

All balance sheet and income statement items were translated at the official bank selling rate of exchange ruling on each balance sheet date. Accordingly, the net effect on the financial statements of the differences between inflation and appreciation/devaluation of the local currency against the U.S. dollar in each accounting period is considered directly in stockholders' equity and not in the results of operations. The dollar equivalent was determined at the exchange rate of R\$ 0.846 : US\$ 1.00 at December 31, 1994 (1993 - CR\$ 326.105; 1992 - CR\$ 12,387.50).

Public accountants

The consolidated financial statements at December 31, 1994, 1993 and 1992 were audited by Price Waterhouse, in accordance with Brazilian auditing standards, who issued clean opinions thereon dated January 10, 1995, January 28, 1994 and January 19, 1993, respectively.

Business

Purpose and legal status

As a multiple bank in the Brazilian monetary system, Bradesco is allowed not only to accept demand, saving and time deposits, but also to collect all kinds of receivables, taxes and social security contributions, make loans and arrange other types of financing, including financing of real estate.

The basic overall business strategy is established by management. Bradesco follows a retail oriented strategy of providing a diversified product mix to its customers, regardless of their geographic location, which is manifested in a technologically advanced branch network and a geographic penetration of 1,845 full service branches throughout Brazil.

Bradesco's financing activities target the private sector (with particular emphasis on the agricultural and manufacturing sectors) and concentrate on short-term financing.

Funding

Bradesco's major source of funding for its operations is customer funds in the form of demand, savings and time deposits. At December 31, 1994, the Bank had approximately 15 per cent of the demand deposit segment of the market, primarily due to Bradesco's country-wide branch network, which serves as a collection point for both individual and corporate deposits.

The Bank also obtains funds from foreign sources through short-term interbank lines, totalling US\$ 1,061,397 thousand at December 31, 1994.

The following table shows the breakdown of Bradesco's customer funds by type per year.

	Thousands of U.S. dollars		
	1994	1993	1992
Demand deposits	2,440,079	537,047	713,242
Savings deposits	6,285,047	3,934,557	2,831,662
Time deposits	3,137,707	2,743,702	2,781,323
Total	11,862,833	7,215,306	6,326,227

Collections

Bradesco has developed an electronic system of direct collection. Where both parties have an account with Bradesco, this system electronically withdraws funds from one account and deposits them in the other. In Brazil, tax and social security payments and utility bills are paid at commercial banks, which may retain the funds (and the resulting income) for a period, in some cases, of one day. Due to its large branch network, Bradesco is a major participant in the collection of taxes, social security contributions and public utility payments. Bradesco also offers its electronic system of direct collection to taxpayers, pensioners and users of public utility services. In 1994, Bradesco collected approximately US\$ 10.0 billion in federal, state and municipal taxes and other contributions and approximately US\$ 2.2 billion in electricity, water, gas and telephone bills.

Lending Activities

Bradesco's loan portfolio includes commercial loans, housing loans, agricultural loans and advances on foreign exchange export transactions. Currently, less than 1 per cent of Bradesco's loan portfolio is allocated to the public sector and the Bank has no medium or long-term exposure to any public sector borrower.

The following table shows the breakdown of Bradesco's loan portfolio by type at December 31 of each year.

Type	Thousands of U.S. dollars		
	1994	1993	1992
Discount of trade receivables and other loans	6,145,198	2,254,480	1,560,854
Rural credit loans	837,690	509,068	436,637
Mortgage loans	1,857,759	1,227,508	1,353,126
Others	21,670	18,408	18,571
Overdue loans	237,671	83,016	88,048
Allowance for loan losses	(483,588)	(111,733)	(120,631)
Total	8,736,390	3,980,747	3,336,605

The following table shows Bradesco's total loan portfolio by maturity:

Maturity	Thousands of U.S. dollars		
	1994	1993	1992
Up to 1 year	5,920,726	2,258,535	1,636,621
More than 1 year	2,815,664	1,722,212	1,699,984
Total	8,736,390	3,980,747	3,336,605

Short-term Export Finance

Throughout 1994, Bradesco carried out export exchange contracts in the total amount of approximately US\$ 5.2 billion, corresponding to 12.75% of the market.

Credit Policy

Bradesco applies stringent standards to its credit analysis of prospective customers and always requires collateral or a guarantee as security for its loans. This credit analysis is based upon available cash flow and daily monitoring of customers' banking activities. In addition and in order to better assess the risk, the Bank seeks to ascertain the use by each customer of the borrowed funds.

Bradesco ensures the diversity of its credit portfolio by lending evenly to different sectors of the economy. Moreover, according to its lending policies, exposure to any one borrower is limited to 5 per cent of its net worth and its aggregate exposure to all borrowers is limited to approximately 15 times its net worth. Also, the Bank matches fully all its foreign currency operations.

International Operations

The two overseas branches, located in New York and Grand Cayman, are principally involved in sourcing funds in the international markets to provide financing to Bradesco and other Brazilian banks in order to enable the banks to provide import and pre-export trade financings to their customers. Total assets of the branches outside of Brazil were US\$ 701,856 thousand at December 31, 1994 and the capital, reserves and retained earnings of the branches were US\$ 260,990 thousand in the aggregate.

Technology

Bradesco's banking network encompasses 4,313 service points, including 1,845 branches, 528 special banking service posts and 1,800 ATMs. This network is integrated through two sophisticated and advanced data processing centers ("National Centers"), one located at the Headquarters, at Cidade de Deus, and the other in Alphaville, State of São Paulo. Daily, these National Centers process approximately 36 million transactions. In addition, Bradesco has 97 service subcenters, 16 high and medium capacity computer centers and more than 13,800 microcomputers.

Part of the network is connected through a new low-velocity satellite data transmission system ("satellite system"). This satellite system permits branches to be fully connected and interconnected, and transactions occurring in any part of the network to be processed on an on-line, real time basis.

Bradesco was the first Brazilian bank to operate "on-line, real time". It has invested annually more than US\$ 200 million in improvements to the information technology and telecommunications infrastructure linking its branches and ATMs to its mainframe computers in order to provide 24-hour service on a real time basis.

Since 1981, the Bank has been developing a System of Instantaneous Transactions, the "SIT". The SIT revolutionized banking services in Brazil and led to the creation of various new products and services. By implementing of the SIT and through the use of magnetic cards, Bradesco developed the capacity to allow customers to instantaneously effect transactions from any branch or ATM in the country. Such transactions include deposits, withdrawals, balance inquiries, transfers, and payment transactions. Through the magnetic cards, the SIT permits, for example, a Bradesco customer in São Paulo to access his account over 500 miles away in Brasília to make a payment within seconds to an account at a Bradesco branch in Salvador, a Brazilian city over 1,000 miles away.

Bradesco's printing needs are entirely met by Gráfica Bradesco Ltda., a wholly-owned subsidiary of Bradesco formed in 1972, which produces check books and bank forms for deposit, withdrawal, and for all other types of banking transactions.

Dividends

Pursuant to the provision of its by-laws, the Bank is required to pay its shareholders a compulsory minimum dividend of 30 per cent of annual net income adjusted in accordance with the requirements of Brazilian Corporation Law.

The Bank has traditionally paid monthly dividends on account of the annual statutory minimum compulsory dividend. Bradesco has fulfilled this requirement which exceeds that established by Brazilian Corporation Law since 1970 and has always fulfilled both the statutory and legal minimum dividend requirements.

Corporate Structure

Subsidiaries

The following is a brief description of each of the companies which constitute Bradesco's principal subsidiaries, all of which are consolidated in the annual financial statements.

Bradesco Leasing S.A. Arrendamento Mercantil

Bradesco Leasing S.A. Arrendamento Mercantil ("Bradesco Leasing"), of which 65 per cent of the voting stock is owned by Bradesco, 10 per cent by the Sarwa Bank and 25 per cent by Orix Corporation of Japan, is an active participant in the Brazilian leasing market.

At December 31, 1994, Bradesco Leasing had stockholders' equity amounting to US\$ 104.8 million and 27,329 ongoing leasing contracts, totalling US\$ 744,529 thousand.

Bradesco Insurance Group

Under the management of Bradesco Seguros S.A., the Bradesco Insurance Group maintained a significant presence in the Brazilian insurance market. At December 31, approximately US\$ 930 million of investments covered the technical reserves of the insurance companies of the Bradesco Insurance Group. Over US\$ 1.7 billion portfolio investments guarantee the actuarial reserves of Bradesco Previdência e Seguros S.A., which provides pension plans for 5,173 companies and 289,911 participants enrolled in its various plans.

Bradesco Administradora de Cartões de Crédito Ltda.

A wholly-owned indirect subsidiary, Bradesco Administradora de Cartões de Crédito Ltda. ("Bradesco Administradora") administers Bradesco's credit cards. As of December 31, 1994, approximately 1,540,000 customers held Bradesco credit cards. In 1991, the Bank introduced the "World Card Bradesco" (the "World Card"), an international

consumer credit card valid both in Brazil and abroad. Associated with Visa International, the World Card, like any other Visa card, can be used in more than 12 million commercial establishments in 247 countries, 381,000 bank branches and approximately 192,000 ATMs. Customers can use the World Card for emergency cash withdrawals outside Brazil. In addition, there are services center in Brazil and abroad, at the disposal of customers in case of theft or loss of the card.

In 1991, in order to meet the needs of Brazilian exporters, the Bank introduced the Bradesco Business Card, which can be used both in Brazil and abroad by companies and their executives.

Investments

Bradesco, its subsidiaries and the funds managed by the Bank and its subsidiaries own voting shares in the following unaffiliated companies, all of which are publicly held companies:

Company	Participation in voting capital at December 31, 1994 - %
Alpargatas Santista Têxtil	10.00
Artex S.A. Fábrica de Artefatos Têxteis	10.71
Brasmotor S.A.	37.24
Casa Anglo-Brasileira S.A.	10.00
Companhia Siderúrgica Belgo-Mineira	11.44
Manah S.A.	10.47
Metal Leve S.A.	15.32
Monteiro Araha S.A.	14.58
Pirelli Pneus S.A.	14.97
Refrigerapão Paraná S.A.	13.29
S.A. Molino Santista - Indústrias Gerais	11.37
São Paulo Alparagatas S.A.	20.29
Tigre Participações S.A.	15.25
Tupy S.A.	24.29

Management

The Bank is managed by the Conselho Superior de Administração ("Superior Administrative Council") comprising five members, a Managing Board comprising 15 directors and 49 Department and Regional directors that supervise the Bank's operating and staff divisions.

The members of the Superior Administrative Council and the Directors of the Managing Board also perform senior management functions in various subsidiaries of Bradesco. All senior officers of the Bank are required to have worked for Bradesco for a minimum of 15 years in order to be appointed a member of either the Superior Administrative Council or the Managing Board.

The members of the Superior Administrative Council and the Managing Board are as follows:

Name	Position
Superior Administrative Council	
Lázaro de Mello Brandão	President of the Council
Aldes Lopes Tápias	Vice-President of the Council
Achilles Vazzone	Council Member
João Aguiar Alvarez	Council Member
Denise Aguiar Alvarez Valente	Council Member
Managing Board	
Lázaro de Mello Brandão	President and Chief Executive Officer
Antônio Bomia	Executive Vice-President
Durval Silvério	Executive Vice-President
Edson Borges	Executive Vice-President
Dorival Antônio Bianchi	Executive Vice-President
Agao Silva	Executive Vice-President
Amando Fernandes Júnior	Executive Vice-President
Osório Tanenello	Managing Director
Firmino Fernandes Sobrinho	Managing Director
Márcio Artur Laurelli Cypriano	Managing Director
Aluizio Borges	Managing Director
Antônio Fernando Burani	Managing Director
Christoph Heinrich von Beckedorf	Managing Director
Laércio Albino Cezar	Managing Director
Mário da Silveira Teixeira Júnior	Managing Director

Employees

At December 31, 1994, Bradesco had 68,430 employees. The Bank's "closed career" philosophy encourages its employees to remain with Bradesco throughout their careers. Bradesco's personnel policy seeks to fill all positions from within the Bank, including middle and upper level positions, as opposed to hiring laterally from the marketplace.

BRAZILIAN CERTIFIED ACCOUNTANT

José Roberto Aparecido Nunciaroni

TC-CRC-SP 73.877

COMPANY NEWS: UK

Kingfisher pleases despite fall to £244m

By Neil Buckley

Kingfisher, the retailing group, yesterday vowed to rectify the mistakes and problems at its Woolworths and Comet chains that led to a 10 per cent fall in profits last year and the ousting of four directors since January.

Pre-tax profits for the year to January 29 fell from £208.5m to £244.5m (£400m) after exceptional costs of £27.5m (£1.5m) relating to business disposals, in line with analysts' expectations which had been reined back after an unexpectedly poor trading statement in January.

Since that statement Kingfisher has lost a chief executive, finance director, and two other board members at a cost of £3m in pay-offs, reduced head office staff from 100 to 60, demoted its chairman and reduced his pay.

The shares rallied 5p to 440p as the group said it was not making the anticipated large

provisions for restructuring of Comet and Woolworths, and recommended a final dividend of 10.8p, increasing the total pay-out by 2 per cent to 15.2p.

Sir Geoff Mulcahy, who stepped down from the chair in January to replace Mr Alan Smith as chief executive, shied away from radical restructuring or strategy changes. There were no widespread store closures, or sell-offs.

Instead, Sir Geoff said problems at Woolworths and Comet were largely operational and could be solved by improving their price position and marketing, and ironing out difficulties in systems and distribution. At the same time, expansion of the successful Superdrug, B&Q and Darty chains would continue as before, and revised long-term strategies for Woolworths and Comet would be developed.

In Woolworths, the effects of uncompetitive pricing and stock shortages were clear as sales increased only 0.5 per

cent to £1.82bn, and operating profits fell from £74.5m to £51.4m.

A mismanaged shift towards more expensive products and the hurried introduction of new systems in Comet produced a reduction in sales of 1.8 per cent, and a £2m loss, against profits of £16.4m.

B&Q, however, lifted sales 5.9 per cent to £1.22bn, and profits 1.2 per cent to £83m, while Superdrug increased profits 21 per cent to £38.1m by focusing more on health and beauty products than on household goods.

Darty, France's largest electrical retailer acquired in 1993, made its first full-year profits contribution of £104.1m, compared with £79.2m for the previous eight months.

With good performances from Chartwell Land, the property arm, and Kingfisher's smaller businesses group turnover increased 9.1 per cent to £4.88bn.

See Lex

Housing fears trim Wolseley share price

By Andrew Taylor, Construction Correspondent

A warning of dimmer prospects due to stumbling UK and US housing markets caused the share price of Wolseley, the world's largest distributor of heating and plumbing equipment, to dip 6p to 342p yesterday.

The decline occurred in spite of the announcement of a 35 per cent rise in pre-tax profits to £117.4m (£57m) for the six months to January 31.

Mr Jeremy Lancaster, chairman and managing director, said the UK housing market remained depressed, having fallen away in the second half of 1994. There also were signs that parts of the US housing market were declining. About 60 per cent of Wolseley's US sales went into new homes.

The outlook for UK distribution remained uninspiring, he

said, with no evidence of the "feel good factor" returning among consumers.

European profits rose 34 per cent to £46.8m (£36m) while sales increased by more than 30 per cent to £718m (£561m). The UK, which produces the main share of profits and sales, increased margins in a difficult market. Brossette of France increased sales by almost 10 per cent, while OAG of Austria, acquired last year for £54.9m, made a first full year's contribution in line with expectations in a flat Austrian economy.

US profits rose 37 per cent to £47.6m (£34.8m) on a sales increase of only 15 per cent to £920.9m (£801.6m). Trading conditions were excellent, said Mr Lancaster, but it was unrealistic to expect this growth rate to continue with the housing market showing signs of ebbing.

LEX COMMENT

UK mortgage market

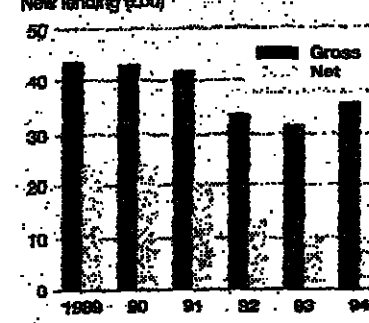
Direct Line hopes its telephone marketing techniques can do for mortgages what they did for car insurance. In just six years the company won an 11 per cent market share, in the process devastating competitors' margins. Once again, the group's chief weapon is price. It is offering floating rate mortgages at an initial 7.42 per cent compared with established providers' 8.35 per cent.

Such rates are profitable thanks to the company's low costs. True, the group's funding costs are relatively high. Although Royal Bank of Scotland secures cheap wholesale rates for its subsidiary, funds generated through retail deposits would be much cheaper. Instead, Direct Line's cost advantage is achieved through low overheads. A single site in Glasgow is far less expensive than, for example, Abbey National's 675 branches.

Initially, Direct Line's impact will be limited. After six months marketing to existing clients, it generated a mortgage book worth only £100m. Abbey can sell that in three days. But mortgage lenders are justifiably worried. Societies and banks have been attracting new customers with discounts and low fixed rates in the hope of fat margins later. Borrowers will

Building societies

New lending (£bn)



Source: Building Societies Association

now be tempted to switch to Direct Line unless further inducements or lower prices are offered. If Direct Line starts winning significant market share, mortgage companies' margins could be permanently weakened. Large providers would survive. But small societies, already up against the wall, would see the writing thereon still more clearly than before.

Cautious Saatchi defers dividend

By Diane Summers, Marketing Correspondent

Saatchi & Saatchi, the embattled advertising group, had been on the verge - before its current troubles erupted - of paying a dividend after a four-year gap.

But in a downbeat presentation of the 1994 results and future prospects, Mr Charlie Scott, chief executive and acting chairman, said the board had decided that "it wouldn't be prudent to do so".

It disclosed the dividend disappointment yesterday as it reported pre-tax profits for the year up 69 per cent, from £19.2m to £32.4m.

Mr Scott emphasised uncertainties for the year ahead. The most ominous of these was the level of new business that could be gained to replace the recent loss of the Mars account, worth more than £30m in annual revenue.

The group also faces the possible loss of the British Airways account, for which it has to repitch next month. Another

doubt hangs over interest charges.

Mr Neil Blackley, media analyst with Goldman Sachs, slashed his forecasts for 1995 pre-tax profits from £43m to £27m, and is forecasting between £60m and £40m for 1996.

The group appears to be no nearer finding a chairman to replace Mr Maurice Saatchi who was ousted in December. His departure led to the exodus of several senior staff members and the loss of some clients. Mr Scott, who is temporarily filling the post, said he had "no particular desire to chair the annual meeting" in June but did not want to see the appointment rushed.

Mr Scott acknowledged that his former target of 10 per cent margins by 1995 could not be met.

The last three months had been "upsetting for all associated with the group," said Mr Scott. The top priority had been to reassure clients and staff and to stabilise the position.

Continental growth lifts Delta

By Patrick Harverson

Buoyed by sales to surging economies in continental Europe (especially Germany), the US and the Asia Pacific region compensating for a muted recovery in the UK, and a difficult year in the Middle East and South Africa.

Delta's slimmed-down engineering division was the biggest beneficiary of the rebound, with profits rising to £27.7m (£19.9m) on turnover of £331.5m (£206.5m).

The cable businesses continued to suffer from tough price competition, with profits rising slightly to £8.5m (£5.9m), while

the economic tide" in 1994, with strong growth in continental Europe (especially Germany), the US and the Asia Pacific region compensating for a muted recovery in the UK, and a difficult year in the Middle East and South Africa.

Delta's slimmed-down engineering division was the biggest beneficiary of the rebound, with profits rising to £27.7m (£19.9m) on turnover of £331.5m (£206.5m).

The cable businesses continued to suffer from tough price competition, with profits rising slightly to £8.5m (£5.9m), while

circuit protection was hit hard by a sharp downturn in the Middle East, where demand from the construction industry "ground to a halt," said Mr Robert Easton, chief executive. Despite the introduction of several successful new products, circuit protection profits fell to £14.8m (£15.8m).

Profits in industrial services climbed to £22.3m (£18.4m), thanks to growing demand in the Asia Pacific region.

Gearing fell to 20 per cent (22 per cent) after positive cash flow of £4.1m (£3.1m) despite higher raw material prices.

Volatile Crockfords falls 40%

By David Blackwell

The dice were not rolling quite so well last year for Crockfords, the casino company that was reversed into TV-am in 1993. Pre-tax profits fell nearly 40 per cent, from £23.2m to £14.1m (£23m). Gaming turnover - or the casino win from the total stake - retreated from £21m to £42m.

Crockfords caters for the top end of the gambling market, and relies on the top 10 gamblers for a large proportion of its profits. Mr Garry Nesbitt, chairman, said profits from such a casino in isolation would always be volatile.

The group intends to spread the risk by expanding. In December it paid £18.7m cash for the International Sporting Club from Brent Walker, and it is looking for a third.

Ibstock sells in Portugal

Ibstock, the brick maker, plans to sell its 56.3 per cent stake in Companhia de Celulose do Caíma, the Portuguese forestry and pulp company, writes Andrew Taylor.

Ibstock said that, based on Caíma's market valuation of about £83m, the stake was worth £46.7m (£77m). The company expects to make a book profit on the sale.

The proceeds will be used to expand brick making capacity by a quarter to 500m bricks a year.

UK brick manufacturers expect to increase production by 14 per cent this year after brick sales in 1994 rose by 11.4 per cent last year to 3.49bn, the highest level for five years. Ibstock expects to sell the stake to a single investor.

DELTA

PRELIMINARY RESULTS

- Higher added-value developments in Cables.
- International progress in Circuit Production.
- Growth of Flow Controls in Engineering.
- Pacific Rim expansion in Industrial Services.

	1994	1993
Turnover	898.6	832.7
Profit before interest	71.3	60.0
Profit before tax	65.1	53.4
Earnings per share	27.7p	23.1p
Ordinary dividend	15.5p	14.5p

Copies of the Annual Report & Accounts for the year ended 31st December 1994, from which the above is an extract, are available from 31st March from the Secretary, Delta plc, 1 Kingsway, London WC2B 6NF. Telephone 0171 836 3555.

GLYNWED INTERNATIONAL 1994 RESULTS

"another year of marked progress"

	1994	1993	Change
Turnover	£1,024.9m	£965.8m	6.1%
Profit before interest	£74.4m	£55.6m	33.8%
Pre-Tax profit	£67.1m	£45.5m	47.5%
Earnings per Share	21.34p	14.91p	43.1%
Dividend per Share	12.25p	11.65p	5.2%
Return on Capital	27.3%	18.5%	
Debt/Equity Ratio	25.6%	54.3%	

"The prospects in the UK for a

period of steady economic growth,

albeit slower than in 1994, are now

better than for many years and with

the economies of the countries in which we operate overseas moving

forward again, I am confident that the Group can look forward to

another year of good progress."

GARETH DAVIES

Chairman

14th March 1995

Glynwed International plc

The 1994 Report and Accounts will be posted to shareholders early in April. For a copy please write to the Group Secretary, Glynwed International plc, Headland House, New Coventry Road, Sheldon, Birmingham B26 3AZ.

CONSUMER PRODUCTS PLASTICS METALS ENGINEERING BUILDING PRODUCTS

COMMODITIES AND AGRICULTURE

Brazilian crop forecast reverses coffee rally

By Richard Mooney

A higher-than-expected Brazilian crop forecast by the US Department of Agriculture sent coffee futures tumbling in London yesterday.

The London Commodity Exchange's May delivery position, which on Monday had touched a four-month high of \$3,248 a tonne, dipped to \$3,100 before steadying to close at

\$3,208, down \$82 on the day.

In its latest assessment, released on Monday night, the USDA put the Brazilian 1995-96 crop at 16.7m to 18.2m bags (60kg each), compared with the 15.7m to 17.7m bags it had suggested in its December report.

The department's 1994-95 crop forecast was 26m bags, unchanged from its December figure, but two severe frosts

and a protracted drought last year damaged the flowers that will form the beans for the next crop.

USDA field reports from Minas Gerais, Brazil's main coffee producing state, indicated that optimal rainfall since November, in both amount and distribution, plus adequate care and inputs had produced lush vegetative growth on the trees and sat-

isfaction "cherry setting". Brazil's agriculture minister, Mr Jose Eduardo Andrade Vieira, said in London yesterday that the USDA's latest projection was "unrealistic".

Recent trade estimates in Brazil have put the 1995-96 crop at between 14m and 16m bags.

London traders were unimpressed meanwhile with the Association of Coffee Produc-

ing Countries' renewed export retention scheme, also announced on Monday night.

Some thought the triggers of US\$1.65-a-pound for retaining the full 20 per cent of arabica exports and \$1.35 for robustas could prove unrealistically high. "One origin has only to stray from the rules and they will all follow," one suggested. A lot of the producers need the money.

Australian move defuses beef trade dispute with Canada

By Nicki Tait in Sydney

A two-year-old trade dispute between Australia and Canada was partially resolved yesterday when Ottawa agreed to give Australian producers a guaranteed share of its recently-imposed tariff-free quota for beef imports.

Under the agreement, Australia will be allowed to supply a guaranteed 42,000 tonnes of beef from January 1 next year. This amounts to over half of Canada's total annual quota of 76,409 tonnes from countries not in the North American Free Trade Agreement.

However, Canada has supplemented the quota figure on an ad hoc basis in the past couple of years to meet domestic requirements.

In 1995, for example, the tariff-free quota will actually be 110,000 tonnes.

The Australian agreement follows an earlier pact with New Zealand producers who have negotiated a "country quota" of 27,000 tonnes. Both countries are still free to compete with other suppliers for the remaining 5,909 tonnes of

the quota - and any supplementary amount offered on a one-year basis.

Imports above the quota level currently incur a tariff of 38 per cent, although the rate is due to fall to 31.1 per cent over the next six years.

Canada imposed quotas on beef imports in 1993 after the Canadian International Trade Tribunal determined that there would be a threat to the Canadian beef industry if imports continued at prevailing levels.

Australia, backed by the European Union, protested to the General Agreement on Tariffs and Trade but Canada justified its action under the "safeguards" rule.

For Australia, the Canadian action was significant setback. Its two big beef export markets have traditionally been the US and Japan. However, Canada was running in third place, and growing quickly. In 1992-93, Australian exports to Canada amounted to more than \$1,000 million. The following year, the figure fell to less than \$500 million.

Yesterday's agreement came after a meeting between Senator Bob MacLennan, Australia's trade minister, and Mr Roy MacLennan, his Canadian counterpart. Australian trade officials said there had been no "quid pro quo" over Canadian pork and smoked salmon imports into Australia, where Canada has been complaining about quarantine restrictions.

However, Australian officials are understood to have provided assurances over the timetable for reviewing quarantine regulations.

Mr Don McCauley, president of Australia's National Farmers Federation yesterday attacked "protectionist" trade policies to support the US farm sector.

"Despite the Congress vote for the Uruguay Round legislation, many of our agricultural industries, such as meat and sugar, are still finding it tough to gain a foothold in the US market because of import barriers and subsidised domestic production," he said.

Mr McCauley has been in the US lobbying for a cut in subsidies.

Molybdenum output cut pays dividends

The metal's price has recently risen to a 15-year high, writes Kenneth Gooding

An example of the dramatic impact on producers' earnings of the recent rise in molybdenum prices to the highest level for 15 years was given yesterday by Mr John Willson, president of Placer Dome, the Canadian mining group.

He said that if, as seemed possible, the molybdenum price received by Placer Dome averaged US\$10 a pound this year - compared with the \$4.50 it collected in 1994 - the group's molybdenum business would make profits before tax of about US\$100m. That compares with total operating earnings of \$161m reported for last year.

The price of molybdenum, a metal used to strengthen some iron and steel products, particularly those used at high temperatures, has soared to its highest level since 1980 because of strong demand and substantial output cuts by US producers. It dropped to a low point of \$1.90 a pound in January 1993, since when high-cost producers have been forced out of business and others have shut down capacity temporarily.

The metal has recently been changing hands in the spot market for \$16.50 a pound.

Although molybdenum usually accounts for less than 3 per cent of the weight of the iron or steel alloys in which it is used, some steel producers already have been imposing "molybdenum surcharges" to

cover some of the extra cost they face.

Placer Dome is best known for being North America's second-largest gold producer but it has a relatively small, integrated molybdenum business.

Analysts suggest that Mr Willson will not wish to swamp the molybdenum market but will try to keep Cyprus's output at a level likely to allow the price to stabilise at about US\$8 a pound.

Molybdenum prices were forced down when the former eastern bloc countries, which previously were net importers of about 20m lb of the metal a year, became net exporters of about 10m lb. This followed the collapse of the former Soviet Union's economy and a big increase in exports by China, which had to dig into its stocks. This 30m lb change was equal to 15 per cent of the western market.

To compensate, primary molybdenum producers cut production in 1993 by 37 per cent to 38m lb and pushed the market from a supply surplus to a deficit. Eventually, in the last quarter of 1994, prices started to climb because of molybdenum shortages.

Cyprus says its increased output will begin to be felt in the market in April. Asarco, another big US copper producer, has also re-activating molybdenum capacity at its Mission mine in Arizona. The mine is expected to yield about

1.56m lb a year and to pay back the \$1m capital cost of re-opening its molybdenum circuit in less than a month.

Mr Richard Osborne, Asarco's president, admits the move, which will take the group's total molybdenum output this year to about 9.7m lb, is "opportunistic" and says that if the price went low enough the circuit would be shut down again. Last year Asarco realised an average of \$8.31 a pound for its molybdenum, up from \$2.38 in 1993.

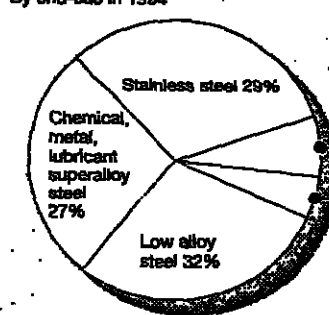
Each \$1 a pound change in the molybdenum price will have an impact of 13 cents a share or \$5.47m on Asarco's annual earnings this year, and nearly 15 cents, or \$6.3m, in 1996. The group's net earnings a share last year were \$6m or \$1.53 a share.

Mr Tim Outtridge of Noranda Sales Corporation recently suggested that molybdenum demand might rise by about 4 per cent from an estimated 216m lb last year to 225m in 1995 and grow to 237m in 1996. It would take some time for producers to bring additional capacity on stream but there was "abundant viable capacity" and in due course stability would return to the market. He insisted: "Stability is beneficial to producers and consumers alike".

Traders point out, however, that in the past molybdenum had enjoyed a price increase followed by five when prices had been extremely depressed.

Molybdenum consumption

By end-use in 1994



Source: Noranda

based on the Endako mine at Fraser Lake in British Columbia. Endako produces about 14.5m lb of molybdenum a year which is converted into premium priced products sold mainly to Japanese steel producers.

Mr Willson said during "roadshow" presentations in London that he did not expect present high molybdenum prices to last more than a year - but neither did he expect prices to collapse as they did in 1992 to the lowest level since commercial mining began.

Much depends on Mr Willson, chairman of Cyprus Amax, the world's largest

comes as a by-product of copper mining and it will continue to reach the market as long as copper prices make that metal worth mining. Cyprus and other owners of molybdenum mines have been forced to become a "swing" suppliers; in other words they make up the difference between by-product molybdenum supply and total demand.

Cyprus, the second largest US copper producer, boosted its molybdenum output as prices began to rise sharply in the last quarter of 1994 and it started 1995 aiming to produce about 80m lb, compared with 57m last year. However,

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Metalmarkets Ltd Trading)

ALUMINIUM 99.7 PURITY (\$ per tonne)

	Close	1994-95	1995-96
Close	1827-27.5	1889.5-70.0	
Previous	1819-20	1880-61	
AM Official	1827-27.5	1879/1940	
Kerb close	1827-27.5	1889.5-70.0	
Open Int.	213,007	1847-8	
Total daily turnover	86,801		

ALUMINIUM ALLOY (\$ per tonne)

	Close	1994-95	1995-96
Close	1819-20	1840-45	
Previous	1819-20	1833-40	
AM Official	1819-20	1850/1820	
Kerb close	1819-20	1840-45	
Open Int.	2,277	1820-30	
Total daily turnover	1,230		

LEAD (\$ per tonne)

	Close	1994-95	1995-96
Close	576.5-77.0	591-92	
Previous	576.5-77.0	583-84	
AM Official	576.5-77.0	591-92	
Kerb close	576.5-77.0	591-92	
Open Int.	37,744	595-5	
Total daily turnover	8,625		

NICKEL (\$ per tonne)

	Close	1994-95	1995-96
Close	7570-75	7725-28	
Previous	7610-20	7750-30	
AM Official	7570-75	7725-28	
Kerb close	7570-75	7725-28	
Open Int.	58,867	7695-700	
Total daily turnover	13,598		

ZINC (\$ per tonne)

	Close	1994-95	1995-96
Close	5235-30	5200-10	
Previous	5485-30	5260-10	
AM Official	5235-30	5400/5430	
Kerb close	5235-30	5300-10	
Open Int.	18,524	5300-10	
Total daily turnover	4,519		

ZINC, special high grade (\$ per tonne)

	Close	1994-95	1995-96
Close	1025-26	1053-54	
Previous	1017-18	1044-45	
AM Official	1025-26	1053-54	
Kerb close	1025-26	1045-6	
Open Int.	96,389		
Total daily turnover	29,134		

COPPER, grade A (\$ per tonne)

	Close	1994-95	1995-96
Close	2935.5-37.0	2926.5-37.5	
Previous	2919-20	2913-14	
AM Official	2935.5-37.0	2930/2910	
Kerb close	2935.5-37.0	2913-14	
Open Int.	334,110	2916-7	
Total daily turnover	69,695		

LME AM Official C/R rate: 1.2895

	Close	1994-95	1995-96
Close	137.15	136.20	
Previous	137.15	136.20	
AM Official	137.15	136.20	
Kerb close	137.15	136.20	
Open Int.	128,45	136.20	
Total daily turnover	45,988	10,874	

HIGH GRADE COPPER COMEX

	Close	1994-95	1995-96
Close	140.50	141.40	
Previous	137.15	140.50	
AM Official	140.50	141.40	
Kerb close	140.50	141.40	
Open Int.	130.50	141.40	
Total daily turnover	128,45	136.20	

LME AM Official C/R rate: 1.2895

	Close	1994-95	1995-96
Close	137.15	136.20	
Previous	137.15	136.20	
AM Official	137.15	136.20	
Kerb close	137.15	136.20	
Open Int.	128,45	136.20	
Total daily turnover	45,988	10,874	

LME AM Official C/R rate: 1.2895

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AM Official	137.15	136.20	
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LME AM Official C/R rate: 1.2895

	Close	1994-95	1995-96
Close	137.15	136.20	
Previous	137.15	136.20	
AM Official	137.15	136.20	
Kerb close	137.15	13	

CURRENCIES AND MONEY

MARKETS REPORT

Traders remain wary as market pauses for breath

The dollar yesterday continued its recent consolidation on the foreign exchanges, but opinion remains divided about whether it has reached a bottom, writes Philip Goshin.

There were no developments to give a new impetus to trading. Surprisingly, the dollar managed to trade higher despite the one significant statistical release - US retail sales in February - coming in below market expectations.

The dollar appears to be stalled at the moment. Although its ability over the past days to trade at the top end of its trading range has been encouraging from a short-term technical perspective, sentiment remains negative. Few in the market seem prepared to accept that it has reached a bottom.

The dollar finished in London at DM1.4136, from DM1.4053, and at ¥91.165 from ¥90.225.

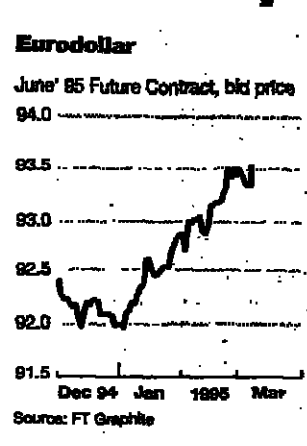
The D-Mark lost ground across the board as investors took profits after the recent

strong rally. Against the French franc it closed at FF3.551, from FF3.571. Against the lira it finished at L1.202 from L1.190.

Sterling finished the day unchanged on a trade-weighted basis, at 85.3. It finished slightly firmer against the D-Mark, at DM2.2445 from DM2.2394. Against the dollar it finished at \$1.5878 from \$1.5814.

In South Africa the rand, unified rand had a second successive day of stable trading, finishing at R3.6336 from R3.6225 against the dollar. Analysts reported good two-way trade, but said the market needed time to settle down.

Last week the dominant market view was that strong economic data, which refo-



cus attention on the prospect of higher US rates, would help the dollar.

That theory was dented on Friday when the dollar's response to a fairly strong payroll figure was muted. It was further dented yesterday by the dollar's rally in response to the weak retail sales figure.

Mr Joe Prendergast, foreign exchange strategist at Paribas Capital Markets in London, commented: "In an environment where the Fed is very clearly dragging its heels, an inflation impulse can only be positive for the dollar if the Fed actually responds."

The market's fairly sanguine response to the retail sales data was an indication that there is some positive sentiment towards the dollar at these levels.

The dollar appeared to benefit from the rally in US equity markets, although recently this effect has not been apparent because nervous investors have hedged their

March 28

The release today of producer inflation data, as well as industrial production statistics, will provide further guidance on the likely path of US interest rates.

Politicians and central bankers were largely silent on the subject of currencies, with the exception of Mr Edouard Balladur, the French prime minister, speaking on the campaign trail.

Apart from re-stating the French goal of achieving economic and monetary union by 1997, he also expressed concern about recent exchange rate volatility. He said he favoured a common European currency as a means of avoiding this, and floated again the idea of dealers having to make margin payments in order to cool short-term speculative flows.

The frame is the volatile ahead of next month's elections, but analysts predict a return to around FF3.45

against the D-Mark, once they are past.

In Spain the central bank lifted the key money rate to 8.5 per cent from 8 per cent.

Overnight money traded as high as 9 per cent when the Bank of England provided money markets with only £185m late assistance, after forecasting a £500m daily shortage. Cash rates, however, were little changed with three-month LIBOR at 6 1/2 per cent.

Short sterling futures rallied in line with the firmer bond markets in both the US and UK, and helped by the weak CBI distributive trades survey. The June contract traded more than 50,000 lots, to finish 19 basis points at 92.55.

OTHER CURRENCIES

March 14

£/\$ 128.13 128.55 127.20 127.60

DM/\$ 1.4136 1.4136 1.4136 1.4136

DM/£ 0.7058 0.7058 0.7058 0.7058

DM/¥ 100.00 100.00 100.00 100.00

DM/FF 1.6667 1.6667 1.6667 1.6667

DM/L 1.2020 1.2020 1.2020 1.2020

DM/S 1.5878 1.5878 1.5878 1.5878

DM/A 1.5878 1.5878 1.5878 1.5878

POUND SPOT FORWARD AGAINST THE POUND

Mar 14	Closing mid-point	Change on day	Settlement	Day's Mid	One month	Three months	One year	Bank of England
Europe	(Sth)	15.7979	+0.0059	889 - 089	15.8115	15.8643	15.7555	0.9
Austria	(Bf)	46.3479	+0.0077	283 - 675	46.4790	46.0800	46.3879	-0.5
Belgium	(Bf)	50.0007	+0.0124	880 - 083	50.0334	50.0878	50.0001	-0.7
Denmark	(DKr)	8.0704	+0.0001	807 - 801	8.0704	8.0704	8.0704	0.0
France	(Ffr)	7.9718	+0.0001	433 - 437	7.9718	7.9718	7.9718	0.0
Germany	(DM)	2.2445	+0.0001	433 - 437	2.2445	2.2445	2.2445	0.0
Greece	(Dr)	364.401	+0.0001	721 - 080	364.401	364.401	364.401	0.0
Ireland	(Ir£)	1.0070	+0.0001	089 - 080	1.0070	1.0070	1.0070	0.0
Italy	(Lira)	2.0717	+0.0001	463 - 463	2.0717	2.0717	2.0717	0.0
Luxembourg	(Lfr)	46.3479	+0.0077	283 - 675	46.4790	46.0800	46.3879	-0.5
Netherlands	(Gld)	2.1514	+0.0001	170 - 188	2.1514	2.1514	2.1514	0.0
Norway	(Nkr)	10.0005	+0.014	086 - 104	10.0005	10.0005	10.0005	0.0
Portugal	(Esc)	206.979	+0.0001	884 - 118	206.979	206.979	206.979	0.0
Spain	(Pta)	206.906	+0.0001	775 - 037	206.906	206.906	206.906	0.0
Sweden	(Skr)	11.4581	+0.0001	542 - 738	11.4581	11.4581	11.4581	0.0
Switzerland	(Sfr)	1.8801	+0.0001	688 - 693	1.8801	1.8801	1.8801	0.0
UK	(£)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
USA	(Doll)	1.5878	+0.0001	258 - 274	1.5878	1.5878	1.5878	0.0
South Africa	(Rand)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
South Korea	(Won)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Taiwan	(New Taiwan Dollar)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Thailand	(Baht)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Japan	(Yen)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
China	(Yuan)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
India	(Rupee)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Indonesia	(Rupiah)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Malaysia	(Ringgit)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Philippines	(Peso)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Singapore	(Dollar)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Turkey	(Lira)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Vietnam	(Dong)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Other	(Various)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 14	Closing mid-point	Change on day	Settlement	Day's Mid	One month	Three months	One year	J.P. Morgan
Europe	(Sth)	9.9496	+0.0077	464 - 527	9.9725	9.9725	9.9725	1.2
Austria	(Bf)	28.1900	+0.0155	850 - 850	28.2000	28.2000	28.2000	0.7
Belgium	(Bf)	50.0007	+0.0124	880 - 083	50.0334	50.0878	50.0001	-0.7
Denmark	(DKr)	8.0704	+0.0001	807 - 801	8.0704	8.0704	8.0704	0.0
France	(Ffr)	7.9718	+0.0001	433 - 437	7.9718	7.9718	7.9718	0.0
Germany	(DM)	2.2445	+0.0001	433 - 437	2.2445	2.2445	2.2445	0.0
Greece	(Dr)	364.401	+0.0001	721 - 080	364.401	364.401	364.401	0.0
Ireland	(Ir£)	1.0070	+0.0001	089 - 080	1.0070	1.0070	1.0070	0.0
Italy	(Lira)	2.0717	+0.0001	463 - 463	2.0717	2.0717	2.0717	0.0
Luxembourg	(Lfr)	46.3479	+0.0077	283 - 675	46.4790	46.0800	46.3879	-0.5
Netherlands	(Gld)	2.1514	+0.0001	170 - 188	2.1514	2.1514	2.1514	0.0
Norway	(Nkr)	10.0005	+0.014	086 - 104	10.0005	10.0005	10.0005	0.0
Portugal	(Esc)	206.979	+0.0001	884 - 118	206.979	206.979	206.979	0.0
Spain	(Pta)	206.906	+0.0001	775 - 037	206.906	206.906	206.906	0.0
Sweden	(Skr)	11.4581	+0.0001	542 - 738	11.4581	11.4581	11.4581	0.0
Switzerland	(Sfr)	1.8801	+0.0001	688 - 693	1.8801	1.8801	1.8801	0.0
UK	(£)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
USA	(Doll)	1.5878	+0.0001	258 - 274	1.5878	1.5878	1.5878	0.0
South Africa	(Rand)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
South Korea	(Won)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Taiwan	(New Taiwan Dollar)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Thailand	(Baht)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Japan	(Yen)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
China	(Yuan)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
India	(Rupee)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Indonesia	(Rupiah)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Malaysia	(Ringgit)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Philippines	(Peso)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Singapore	(Dollar)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Turkey	(Lira)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Vietnam	(Dong)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0
Other	(Various)	1.2286	+0.0001	258 - 274	1.2286	1.2286	1.2286	0.0

CROSS RATES AND DERIVATIVES

Mar 14	BF	DKr	Ffr	DM	£	¥	Nkr	En	Pts	Sfr	£	CS	Y	Enu
Belgium	(Bf)	100	19.43	10.00	1.4844	2.173	5.433	21.80	11.24	24.75	4.030	2.157	4.552	312.4
Denmark	(DKr)	51.48	100	8.854	2.493	1.118	2966	2.797	11.12	26.32	22.78	12.74	2.075	1.163
France	(Ffr)	58.14	11.29	100	2.816	1.288	3950	3.138	12.56	29.73	25.70	13.24	2.343	1.539
Germany	(DM)	26.65	5.20	0.885	100	0.449	1190	1.122	4.459	10.58	9.127	5.109	0.832	0.547
Ireland	(Ir£)	46.03	8.941	7.917	2.229	1	2652	2.500	9.940	23.64	20.35	11.39	1.855	0.993
Italy	(Lira)	1.735	0.337	0.298	0.084	100	0.084	0.375	8.873	7.671	0.429	0.070	0.084	0.059
Netherlands	(Gld)	18.41	3.578	3.168	0.882	0.400	1001	1	3.975	94.12	81.37	4.555	0.742	0.631
Norway	(Nkr)	4.027	0.805	0.754	2.243	1.006	2966	2.797	11.12	26.32	22.78	12.74	2.075	1.163
Portugal	(Esc)	16.58	3.799	3.581	0.947	0.425	1127	1.092	4.224	10.0	8.48	4.940	0.789	0.518
Spain	(Pta)	22.62	4.394	3.891	1.008	0.481	1304	1.228	4.885	115.7	100	5.598	0.912	0.488
Sweden	(Skr)	40.41	7.850	6.950	1.957	0.879	2329	2.195	8.727	20.6	17.8	1	1.629	0.872
Switzerland	(Sfr)	24.81	4.820	4.358	1.242	0.569	1430	1.348	4.559	126.6	114.6	6.140	1	1.586
UK	(£)	45.83	9.004	7.972	2.245	1.007	2671	2.518	10.01	23.0	20.4	11.47	1.868	1
Canada	(C\$)	20.81	4.054	3.656	0.988	0.448	1188	1.120	4.451	105.4	91.11	5.100	0.851	0.445
Japan	(¥)	26.19	5.070	4.520	1.414	0.634	1882	1.586	6.304	149.2	139.0	7.252	1.176	0.630
US	(Doll)	21.73	4.218	3.758	1.058	0.484	1304	1.228	4.885	115.7	100	5.598	0.912	0.488
Other	(Various)	37.78	7.538	6.679	1.830	0.821	2177	2.052	8.158	193.2	167.0	8.248	1.252	0.619

D-MARK FUTURES (MM) DM 125,000 per DM

Open	High	Low	Settlement	Change	Est. vol	Open Int.
Jun	0.7144	0.7127	0.7100	0.0000	0.7100	58,307
Sep	0.7138	0.7120	0.7100	0.0000	0.7100	132
Dec	0.7170	0.7150	0.7100	0.0000	0.7100	205

SWISS FRANC FUTURES (MM) SF 125,000 per SF

Open	High	Low	Settlement	Change	Est. vol	Open Int.
Jun	0.8592	0.8588	0.8588	0.0000	0.8588	25,950
Sep	0.8645	0.8645	0.8645	0.0000	0.8645	208
Dec	0.8710	0.8710	0.8710	0.0000	0.8710	133

UK INTEREST RATES

LONDON MONEY RATES							Mar 14	12th Mar. rate	19th Mar. rate
	Over- night	7 days notice	One month	Three months	Six months	One year			
Netherlands							1.25124	2.07422	
Germany							1.97007	1.54903	
Austria							13.4983	13.0154	
Belgium							38.3950	38.3072	
Switzerland							189.732	194.261	
Denmark							7.26589	7.43882	
France							6.40688	5.58913	
Italy							166.418	161.8	
Ireland							0.782214	0.830468	

INVESTMENT COMPANIES - Cont.**OIL EXPLORATION & PRODUCTION - Cont.****PROPERTY****RETAILERS, GENERAL - Code****TRANSPORT - Cont.**[illegible]

OTHER INVESTMENT TR

HIV	100%	100%	100%
Harrington Kilde	26	+1	194
Herman Publ	3000	—	515

			+ or -	1994/95 High	low	Mid Cap'n
17.2						
51.3						


P/E	Cutler's
11.2	Dairy Farm \$
	Forepack

4.5	11.1	Caldwell Ints.	372	-1
2.5	17.9	Campbell Int.	288	—

—	φ	Mean int. capacitance
—	—	quoted
—	D.S.	Estimated order term

Prices are based on latest annual reports and

[illegible]

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LONDON STOCK EXCHANGE

MARKET REPORT

Declining retail sales calm interest rate worry

By Terry Byland,
UK Stock Market Editor

An unexpected fall in US retail sales for last month soothed interest rate concerns yesterday in a London stock market already encouraged by reports of similar sales trends at home.

With the Dow Jones Industrial Average challenging all-time peaks in UK trading hours, London's blue chips closed strongly, lifting the FT-SE 100 Share Index by nearly 39 points.

"Bad news was good news today," was the comment on the trading desks. After an uncertain start, equities turned higher, led by Brit-

ish government bonds, as the latest survey of distributive trades by the Confederation of British Industry indicated retail sales volumes were likely to fall this month.

But it was the news from New York which drove London ahead in late afternoon, extending the morning's 20 point gain in the Footsie.

At the close, the FT-SE 100 Share Index was 38.8 points up at 3,050.6, the best of the day. The FT-SE Mid 250 Index, less directly influenced by international factors, was content with a gain of 18.9 to 3,392.6.

The wider economic background to the stock market was also more favourable yesterday. Currency markets were quieter and, although

some analysts in London approached the US retail sales figures with caution, these provided a lead for the rest of the week.

Today and tomorrow will bring a host of important data on the US economy which will also have implications for the US Federal Reserve's policies. Statistics on US manufacturing production and plant capacity, both due today, will be keenly awaited by investors both inside and outside the UK.

The end of the week will also feature economic statistics in the UK, with this morning led by the latest retail sales numbers, which are likely to confirm the trends identified by the CBI. They will be accom-

panied by unemployment, earnings and wage cost figures which will be eagerly scanned for indications of inflationary trends.

Sea volume of 651.9m shares yesterday compared with 470.2m in the previous session, when retail business in equities was worth £1.56bn. Traders noted that volume increased sharply at mid-morning when a sizeable trading programme crossed the Sea's orders. Around 55 per cent of yesterday's equity business was in non-Footsie stocks.

Company results and takeover speculation played a less significant role in the stock market yesterday. However, Kingfisher pleased the market by raising the dividend,

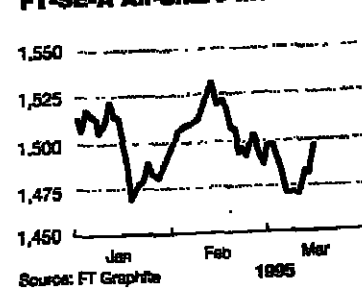
enhanced by a James Capel recommendation saying, "At the current level, the shares offer significant potential for outperformance."

However, BT was cautious following the figures and Mr Tony Shiret at the investment bank said: "I don't think the radical rethink that is necessary for the future of Kingfisher is taking place."

In food manufacturing, United Biscuits hardened 1 to 34p as NatWest Securities recommended the stock ahead of tomorrow's figures.

Pharmaceuticals groups were well supported, Glaxo rising 8 to 67p and Wellcome 6 to 105p as investors warmed to the impending takeover. Zeneca, hard hit in recent weeks, recovered 13 to 85p.

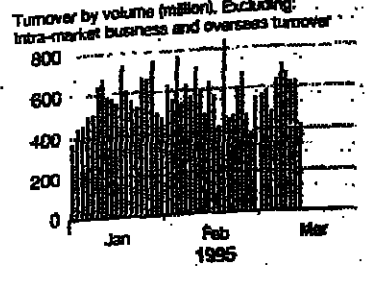
FT-SE-A All-Share Index



Indices and ratios		
FT-SE 100	3050.6	+38.8
FT-SE Mid 250	3332.5	+16.9
FT-SE-A 350	1514.2	+16.7
FT-SE-A All-Share	1498.02	+15.37
FT-SE-A All-Share yield	4.24	(4.28)

Best performing sectors		
1 Tobacco		+2.0
2 Spirits, Wines & Ciders		+1.9
3 Diversified Inds		+1.9
4 Extractive Inds		+1.9
5 Life Assurance		+1.8

Equity Shares Traded



FT Ordinary Index	2338.2	+30.1
FT-SE-A Non Fins p/e	16.63	(15.52)
FT-SE100Fut Mar	3057.0	+48.9
10 yr Gilt yield	8.60	(8.75)
Long gilt/equity yld ratio:	2.04	(2.06)

Dividend deals in Vodafone

There was exceptionally heavy trading and a strong performance from shares in Vodafone, the UK's biggest cellular phones group, with brokers citing a "dividend washing" operation.

Turnover in Vodafone suddenly jumped to 35m, in mid-session. At first, dealers were at a loss to explain the sudden burst of activity and there were suggestions that another large block of shares had changed hands, in a move similar to the institutional selling order transacted earlier this year.

But it later became apparent that four blocks of 7m Vodafone each had been traded at 192p by Merrill Lynch, the US brokerage, to take advantage of the differential in dividend payment dates between the US and the UK. The same amount of stock is expected to trade this morning at a marginal premium, of 0.35p a share, or 192.35p.

It was also suggested that Vodafone could be heading for another set of excellent new subscriber figures for its cellular system, with some brokers talking a very bullish view of customer figures due in April.

A more fundamental reason behind the good showing of the shares was that Vodafone, one of the world's biggest mutual funds, had increased its holding in Vodafone from a shade more than 5 per cent to six per

Northern rally

The sea-saw performance of Northern Electricity shares continued, with the stock price embarking on a determined surge yesterday, as some market observers scented the chances that Trafalgar House's revised bid might yet be offered to Northern shareholders. Northern shares jumped almost 7 per cent, closing 51p higher at 789p.

Dealers said shareholders would almost certainly accept the 95p a share offer by Trafalgar House, given the chance. Some big institutional shareholders were believed to be putting pressure on Northern and the takeover panel to enable shareholders to vote on the latest bid.

There were stories in the market yesterday that the panel would allow the offer to be put to shareholders, although most analysts said such a move would be unlikely.

The other Rees were mixed.

Carlton wanted

Carlton Communications rose 16 to 89p following news of bumper video sales of the Walt Disney film, "The Lion King". Through its subsidiary, Technicolor, Carlton is a leading provider of pre-recorded videos for Disney.

Advertising group Saatchi & Saatchi gained 1 1/2 to 87 1/2p after announcing a 50 per cent rise in profits to £32.4m. However analysts said the figures were in line with forecasts and there was little upside in the

shares.

Television group Yorkshire Tyne Tees, which had suffered from concerns that cross media ownership would be reined back, rebounded 27 to 389p. The group's profit of £10.5m, against a full year loss of £7.5m previously. Pearson, which has a big stake in Yorkshire, reclaimed 16 to 589p.

Financial stocks occupied five out of the top ten places in the FT-SE 100 performance table. Dealers noted recent shifts in broker recommendations and renewed talk of a series of big rationalisation moves as being behind the strong performances of both the banks and insurance areas.

Royal Insurance topped the table, the shares rising 11 to 289p, with one of the market's leading brokerages said to have been promoting the stock yesterday.

TSB, a long-time takeover

target, jumped 8 to 234p and Abbey National, said to be pondering a major building society acquisition, was 1 1/2 higher at 437 1/2p. Standard Chartered added a further 7 to 234p.

The long-neglected building stocks began to show signs of attracting increased attention. Construction issues were again highlighted by the outstanding performance of Persimmon, whose shares raced up 11 to 104p, in the wake of the press response to Monday's preliminary figures.

Mr Jeremy Withers Green, construction analyst at Williams de Broe, the stockbroker, reaffirmed his "buy" recommendation and said "the shares have underperformed the market by 45 per cent over the last year as last spring's euphoria has dissipated; enough is enough."

Other good performers among the housebuilders

included Wilson Connolly, reporting next Tuesday, 6 higher at 136p, and Barratt Developments, due to announce preliminary figures on March 22, which edged up 4 to 167p.

In building materials, Wolsley delivered the worst performance of any FT-SE 100 constituent, the shares falling 7, or 2 per cent, to 341p in the wake of the cautious comments which accompanied the interim figures. Estimates for the full year were generally reduced by around 25p.

Blue Circle jumped to 274p, helped by a broker recommendation and ahead of figures on Monday.

Delta, the electricals/engineering group, delivered one of the best performances among the second-line stocks, after announcing preliminary figures at the top of market estimates and also hosting a confident post-results meeting with industry analysts.

Analysts quickly reviewed their profits forecasts for the group, lifting estimates for the current year to the mid-£80m's and into three figures for next year.

Delta shares were the seventh-best performers in the FT-SE Mid 250 index, closing 1 1/2, or 4.2 per cent, higher at 450p.

Envo Disney, added 5 to 156p after the company said its annual meeting that attendance at the theme park had improved significantly. The company said it still hopes to break even by the end of 1996.

It was also a favourable annual meeting that boosted First Leisure. The shares firmed 3 to 279p.

Retailer Kingfisher, which as expected reported a decline in full year figures, was in demand after the group said it would not need the provisions for restructuring it warned in January may be necessary. The shares jumped 5 to 440p in active trading, with sentiment

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LFF) £25 per full index point	Open	Sett	Change	High	Low	Est. Vol	Open Int.
Mar	3008.0	3057.0	+49.0	3058.0	3007.0	20877	34405
Jun	3015.0	3061.5	+46.5	3063.0	3013.0	12028	34087
Sep	3027.5	3068.5	+41.0	3070.0	3025.0	110	890

FT-SE MID 250 INDEX FUTURES (LFF) £10 per full index point	Open	Sett	Change	High	Low	Est. Vol	Open Int.
Mar	3220.0	3272.5	+52.5	3275.0	3220.0	2158	2589
Jun	3241.0	3286.0	+45.0	3287.0	3241.0	2158	1956

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15.00	16.10	High/day	Low/day	Sun Allport	2,700	307	81
				T&N	3,000	187	-2
				Ti Group	1,200	345	84
				TSEI	11,000	234	81
				Veritas	4,300	1045	+25
				Zeit & Lytle	1,200	424	+8
3043.1	3047.4	3050.6	3006.6	Thayer Woodrow	148	119	-8
3330.8	3307.1	3332.6	3314.2	Tierco	4,100	2874	+8
				Thomas Weart	1,100	47	-7
1511.2	1518.0	1514.3	1496.3	Thom Ellet	1,100	1026	+8
				Torington	2,300	231	-6
				Transit House	150		

WORLD STOCK MARKETS

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TOP 100 - MOST ACTIVE STOCKS: Tuesday, March 14, 1995

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sunimoto Const	11.8m	877	-50	Banyu Pharm	4.9m	841	+
Tobu Railway	7.1m	558	-50	Nissan F&M Ind	4.8m	825	+
Fuyo Const	6.8m	940	-70	Penta Ocean	4.8m	728	-30
Toshiba	5.7m	871	-13	Chiba Bank	2.8m	720	-1
Toyo Ink Mfg Co	5.3m	550	-2	Kandenko	4.0m	1570	-1

Prices supplied by Publishers

NOTES - Prices on this page are quoted on the individual exchanges and are usually last traded prices. High/Lows are for 1989, except Toronto & Montreal (1988). * Dividends suspended, or in dividend, or in strip issue, or in rights, or in ex.

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4 pm close March 14

Continued on next page

11/11/50

4 pm close March 14

4 pm close March 14

Stock	Pr	Ch	St	Vol	Hgh	Low	Last	Chg	Stock	Pr	Ch	St	Vol	Hgh	Low	Last	Chg	Stock	Pr	Ch	St	Vol	Hgh	Low	Last	Chg
ADS Inc.	0.20	11	0	48	17 1/2	17 1/2	17 1/2	0	Deere	0.80	21	16	25 1/2	14 1/2	24 1/2	24 1/2	0	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
ADC Corp.	0.12	02	18	10	10 1/2	10 1/2	10 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
ADC Corp.	0.12	02	18	10	10 1/2	10 1/2	10 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12	35	12 1/2	25 1/2	23 1/2	22 1/2	22 1/2	0
Adco Inc.	0.16	05	15	16	16 1/2	16 1/2	16 1/2	+1/4	Dell Corp.	0.47	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	+1	Eastman	0.12							

8	55 ¹ / ₄	54 ³ / ₈	55 ¹ / ₈	.3 ₈
9	14 ³ / ₄	13 ³ / ₄	14 ¹ / ₂	.1 ₂

[illegible]

Financial Times World Business Newspaper.

Financial Times, World Business Review, 1997

Figure 1. Schematic representation of the experimental design. The subjects were divided into two groups: a control group and an experimental group. The control group received a standard diet, while the experimental group received a diet supplemented with 10% of the total energy from fat. The subjects were then subjected to a 10-week training program. The control group received a standard diet, while the experimental group received a diet supplemented with 10% of the total energy from fat. The subjects were then subjected to a 10-week training program.

[illegible][illegible]

CritrData	D	24	7 $\frac{1}{2}$	6 $\frac{1}{2}$	8 $\frac{1}{2}$	- $\frac{3}{2}$	Wt Res	0.02	3	623	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	- $\frac{1}{2}$	Panwest L	0.20	23	1411	21 $\frac{1}{2}$	20 $\frac{1}{2}$	20 $\frac{1}{2}$	- $\frac{1}{2}$	Westam Bnc	0.08	11	76	132 $\frac{1}{2}$	32	32 $\frac{1}{2}$	- $\frac{1}{2}$	
ComcsA	0.50	10	587	18 $\frac{1}{2}$	16 $\frac{1}{2}$	16 $\frac{1}{2}$	- $\frac{1}{2}$	ImccsAm	0.05	18	283	39 $\frac{1}{2}$	39 $\frac{1}{2}$	39 $\frac{1}{2}$	- $\frac{1}{2}$	Peoples H	0.44	8	487	13 $\frac{1}{2}$	12 $\frac{1}{2}$	12 $\frac{1}{2}$	- $\frac{1}{2}$	WestPub		8	1250	8 $\frac{1}{2}$	8 $\frac{1}{2}$	8 $\frac{1}{2}$	- $\frac{1}{2}$

Copyright	44	578	6 ³ / ₄	5 ³ / ₈	6 ¹ / ₂		Ionics Cp	72	2543	7 ¹ / ₂	7 ¹ / ₄	7 ¹ / ₄	7 ¹ / ₂	Petrolite	1.12	41	2	27 ¹ / ₄	26	28	1 ¹ / ₂	WetStar	2	1908	13 ¹ / ₂	13 ¹ / ₄	13 ¹ / ₄	1 ¹ / ₂
Corbis Cp	24	2333	67 ¹ / ₄	65 ¹ / ₄	66 ¹ / ₈	+7 ¹ / ₂	Ionosphere	12	11	14 ⁷ / ₈	14 ⁷ / ₈	14 ⁷ / ₈		Pharmacy	26	80	15 ¹ / ₂	15 ¹ / ₂	15 ¹ / ₂			West Seal	12	75	35 ¹ / ₂	33 ¹ / ₄	33 ¹ / ₂	

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Chlorine	16	67	1	3.4	3.8	1.4	
Cytogan	2	1639	3 $\frac{1}{2}$	63 $\frac{1}{16}$	3 $\frac{1}{2}$	+3 $\frac{1}{16}$	

J&J Snack	14	305	11 $\frac{1}{2}$	10 $\frac{7}{8}$	11 $\frac{1}{8}$	- $\frac{1}{8}$	Pioneerrip	0.40	14	1386	19 $\frac{1}{4}$	19	19 $\frac{1}{4}$	+ $\frac{1}{4}$	WPP Group	0.03	2	254	3 $\frac{1}{2}$	3 $\frac{1}{8}$	3 $\frac{1}{8}$	- $\frac{1}{8}$
Pioneerfil	0.68	15	3230	35	34 $\frac{1}{2}$	35	+ $\frac{1}{4}$	Wyman-Gdn	0.40	1	844	6 $\frac{1}{4}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$	- $\frac{1}{8}$							

DSG Cm	2710480	38 $\frac{1}{2}$	37 $\frac{1}{2}$	38 $\frac{1}{2}$	+1 $\frac{1}{2}$
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Don't Grow	0.13	2	714	90	79	80 1/2 +10 1/2	Johnson W	19	108	13 1/2	16 1/2	18 1/2	+4	Power	13	3 1/2	5 1/2	5 1/2	+2		
Datsun	18	1833	4	3 1/2	3 1/2	+1 1/2	Jones Int	12	412	16 1/2	15 1/2	16 1/2	+4	Pres Life	0.08	5	153	6	5 1/2	5 1/2	+2
							James Ltd	210	11	7 1/2	7 1/2	7 1/2	+3	Transit	7 1/2	6 1/2	6 1/2	6 1/2	+1		

DataPer	18	385	9 ²	9	9 ²	-2 ⁶	James Corp	1,610	13	63	7 ²	7 ²	11 ²	-1 ⁶	Population	22	22	30 ²	30 ²	31 ²	31 ²	+1 ²	James Corp	1	1493	2	612	1 ²	-1 ²
DataScope	17	1244	18	17 ²	18	+3 ²	Joshyn Cp	1:20	15	89	25 ²	424 ²	25	+2 ²	Pr/Cont	1414183	13 ²	12 ²	13 ²	13 ²	13 ²	+1 ²	Yellow	0.94125	2001	17 ²	17 ²	17 ²	+1 ²
							Wm Fm	1:20	14	344	30 ²	103 ²	30		Prods Pst	22	2298	16 ²	8 ²	67 ²	67 ²	+1 ²							

Dauphin	1.00	11	582	25 1/4	24 3/4	24 3/4	Job	1.00	14	594	25 3/4	25 3/4	25 3/4	16	775	18 3/4	17 1/2	18 3/4	+1 1/4	York	212	405	8 1/2	6 3/8	6 3/8	-3/8			
Deb Shaps	0.20	19	7	4	4	4	John Jay	0.28	16	631	20 3/4	19 1/2	20 1/2	+3/8	Penitron	0.24	21	15 1/2	25 1/4	24 3/4	+1/2	Zions	1.20	9	622	39 3/8	38 3/4	39 3/8	-1/8

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AMERICA Equities peak on surprise retail figures

Wall Street

Weaker-than-expected retail sales figures and the strength of bond and currency markets sent US share prices to record levels yesterday morning, writes Lisa Branstetter in New York.

At mid-morning, the Dow Jones Industrial Average was up nearly 35 points before it edged back by 1 pm to stand 29,400 higher at 4,054.63. The Standard & Poor's 500 gained 2.77 at 452.82, while the American Stock Exchange composite fell 0.43 at 452.63. Meanwhile, the Nasdaq composite rose 6.08 at 808.38. Volume on the NYSE was 211m shares.

The Nasdaq, which had not set records this year along with the Dow and the S&P 500, finally broke through the high of 804 points it had set in March of last year.

Propelling the increase were retail sales figures that decreased in February rather than posting the modest increase that most economists had expected.

The stock market was also flanked by a buoyant bond market and a currency market that seemed to have found its level. In morning trading, bonds rose nearly a full point and the dollar was slightly higher against the yen and the D-Mark.

Leading the Nasdaq was a 53 per cent jump in LeaseWay Transportation, whose shares rose \$6.41 at \$19.95 after a unit of Penske Truck Leasing said it would pay about \$20 a share for all of the outstanding shares.

Technology shares traded on the Nasdaq were mixed. Microsoft was up \$1.41 at \$70.40, Intel rose \$1.41 at \$33.25 and Borland was up \$1.41 at \$39. On the losing side were Apple Com-

puter, down \$1.41 at \$38.00, and Lotus Development, off \$1.41 at \$42.00.

Consumer shares advanced more than cyclical issues according to Morgan Stanley's index of the two sectors. The consumer index gained nearly 0.8 per cent, while the cyclical counterpart gained just over 0.3 per cent.

Among the biggest gainers in the consumer sector were Gillette, up \$1.41 at \$32.40, Colgate Palmolive, \$1.41 at \$64.40 and International Flavors and Fragrance, \$1.41 at \$61.40.

Boeing jumped \$2.41 at \$49.40 after Japan Air and Scandinavian Air placed orders valued at \$180m and \$1.2bn respectively with the aircraft manufacturer. Shares in its rival, McDonnell Douglas, lost \$1.41 at \$56 on the news.

Other strong gains included Disney, which rose \$1.41 at \$55.40, United Carbide, \$1.41 at \$20.40, Caterpillar, \$1.41 at \$49.40, and Minnesota Mining and Manufacturing, \$1.41 at \$57.40.

Capitol Cities/ABC gained \$1.41 at \$89.40, after the entertainment group said that it was selling 45 newspapers to the Journal Register.

Canada

Toronto edged lower at midday as soft gold prices continued to offset firmer Canadian bonds.

The TSE-300 composite index eased 2.33 to 4,175.68 in 32.8m shares valued at C\$347.2m.

The precious metals group sank 41.03 to \$429.08, leading declines in eight of the market's 14 sub-indices. Alcan Aluminium, however, was 3% higher at C\$35.40 by midsession. The company said in its annual report that earnings should continue to rise as improved prices for fabricated products were reflected in 1995 supply contracts.

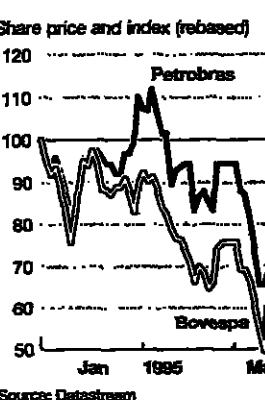
Argentina's \$11.1bn aid package boosts region

Brazil's shares rocketed 10.9 per cent higher in midday trade after a buying spree triggered by the news of Argentina's \$11.1bn of foreign financing aid to support its economy and reports that the Brazilian government would step up its privatisation programme.

The Bovespa index was up 2,903 at 29,612 at 1 pm, in turnover of R\$166.3m (\$189m).

Analysts said that the Argentine package was likely to improve the economic outlook for the whole of Latin America and increase foreign confidence in the region. Telebras, the state telecom group, surged 12.6 per cent to R\$25 and Petrobras preferred rose 12.4 per cent to R\$67.99.

In BUENOS AIRES, Argentine blue chips were 7.1 per cent higher in late morning trade on continuing euphoria after Monday's with the IMF.



The Merval index was 23.20 higher at 347.68, after an earlier high of 352.45. Clacsa, the carmaker, and Perez Companc, the holding company, jumped 9 per cent in pre-market dealings.

S Africa awaits budget

Johannesburg finished off the day's highs as futures traders positioned themselves for today's close of the account and investors awaited this afternoon's national budget.

However, the undertone was still positive following the abolition of the financial rand and with a better gold price.

The overall index was 30.3

firmer at 5,268.0, Industrials collected 24.1 to 6,632.9 and golds eased 9.4 at 1,513.5. De Beers was 350 cents better at R88, AngloGold 500 cents to R194 and Minorco picked up 175 cents to R82. Sunbop rose 350 cents to R24.50 following the release of the country's new gambling report.

EUROPE

Flyaway afternoon for Frankfurt, Paris bourses

The surprise fall in US February retail sales helped turn a tentative morning uptrend into a flyaway afternoon, for Frankfurt and Paris in particular, writes Our Markets Staff.

FRANKFURT rode out another volatile day's trading, the Dax index hitting a pre-bourse low of 1,965.07, rising to 2,000.45 on the session, and ending the post-bourse at an index of 2,022.50, up 48.36 or 2.45 per cent on the day.

Turnover, reflecting trade to the end of the session, rose only DM1.2bn to DM6.5bn. The pattern of Dax movements was almost a mirror-image of Monday's trading. It suggested that a combination of a firmer dollar, higher bonds and a rise on Wall Street caught traders short after Monday's apprehensive session.

Those fears travelled into yesterday, as rumours circulated that banks might have hit losses on currencies or derivatives. Deutsche Bank bottomed at DM67.40 before rising to close DM68.40 higher on the day at DM68.50.

Elsewhere, it was mostly a case of marking up cyclical weakness by last week's switch into defensive stocks;

FT-SE Actuarial Share Indices

		THE EUROPEAN SERIES									
		Mar 14	Mar 13	Mar 10	Mar 9	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Mar 3
FT-SE 100	1231.40	1232.04	1232.94	1231.06	1232.43	1234.31	1240.97	1242.42	1242.42	1242.42	1242.42
FT-SE 200	1227.85	1228.60	1228.61	1227.48	1228.93	1229.52	1234.24	1234.24	1234.24	1234.24	1234.24
Dax (1000 C\$1000)		1222.41	1221.87	1221.87	1227.91	1233.54	1248.20	1248.20	1248.20	1248.20	1248.20
FT-SE 100	1231.40	1231.71	1232.21	1231.73	1236.51	1236.51	1237.90	1237.90	1237.90	1237.90	1237.90
Dax (1000 C\$1000)		1222.41	1221.87	1221.87	1227.91	1233.54	1248.20	1248.20	1248.20	1248.20	1248.20

carmakers and engineers were outperforming before chemicals although the big three finally responded to higher dividends from BASF and Bayer. Hoechst, with the biggest dividend rise of the three, led with a rise of DM11.30 to DM30.40.

PARIS mixed a massive general rise with fear and disappointment on the periphery. Mr Frederick Sauvageat of Ferri said that business was confined to traders, arbitrageurs and dealers as the CAC-40 index rose 47.19, or 2.7 per cent, to 1,769.59.

Turnover was FF37.72bn. Short covering boosted recent losers, among them Alcatel Alsthom, up FF23.40 at FF410.90, Canal Plus, up FF22 at FF61.30, and UAP, Schneider and Lafarge, FF7.10, FF6.20, and FF13.10 higher at FF121.30, FF94.50 and FF94.50.

Front line financials did well but Credit Lyonnais dropped FF15 to a new 1995 low of FF303 after Societe Generale asked the EU to declare state help to CL illegal, and harmful to competition. Sefimeg, the property company which produced profits lower than expected and a dividend cut on Monday, fell FF25.50 to another new 1995 low of FF294.50.

ZURICH finished higher after a late rally, although volume remained low with a large part of the day's trade futures driven. The SMI index rose 13.0 to 2,463.3.

Holderbank rose SF27 to SF286 after the cement group reported that 1994 group profit rose by 42 per cent, a gain at the upper end of expectations. Surveillance picked up SF125 to SF174.5 after the dollar dependent trade inspection and

testing organisation reported higher than expected 1994 results.

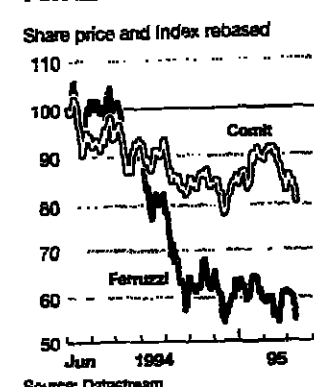
Banks were steady with SBC SF2 higher at SF350 ahead of today's 1994 results at which the bank is expected to report sharply lower earnings.

MILAN was wary throughout much of the session after rumours of further capital calls, this time at Ferruzzi group companies. The Comit index registered a 2.18 advance to 601.01 but the real time Mibtel index finished 145 or 1.5 per cent higher at 9,688, up from a low of 9,535, as confidence grew late in the day that the lower house of parliament would finally approve the government's mini-budget.

Ferruzzi Finanziaria plunged 10 per cent in early trade as the market was shaken by speculation that the group planned another capital call. But after a denial by the company, the shares picked up to finish 1.28 lower at L1.100. Montedison finished 1.29 easier at L1.131, after a low of L1.076.

Fondriada, 34.5 per cent controlled by Ferruzzi, lost L259 to L2,380, up from an early L2,000, after Monday's 7.5 per cent fall which followed speculation that the insurer planned a cap-

Ferruzzi



ital increase. Gemina, Monday's big loser with a 14.1 per cent plunge on news that it planned to raise L1,530bn, rebounded 1.33 to L966. The troubled Banco di Napoli fell 1.09 or 8.4 per cent to L1.191 as it announced 1994 losses of L95bn after a 1993 net profit of L173bn. AMSTERDAM, less fearful on bad days recently, stayed phlegmatic as the AEX index rose just 1.48 to 34.81. MADRID showed a little more enthusiasm but it had to field slightly worse than expected Spanish inflation data, and an expected

half point increase in key interest rates; the general index rose 2.93 to 270.30.

STOCKHOLM closed 1.4 per cent higher, with Ericsson in demand on the view that it was well positioned to exploit the new PCS mobile telephone market in the US. The Affarsvarden General index climbed 20.10 to 1,480.40 with Ericsson B rising SKr11.50 to SKr437.50.

LISBON was boosted by news that Sonae, the retail and industrial group, had given up its attempt to block the takeover bid by Banco Comercial Portugues (BCP) for Banco Portugues do Atlantico (BPA). BPA climbed E\$85, or 3.2 per cent to E\$2,770. Sonae by E\$88 to E\$2,523, and even BCP put on E\$26 to E\$1,336 as the BTA index rose 18.5 to 2,745.0.

ATHENS sank below the 800 line, dragged down by fears in construction where Atitak, which fell short of earnings forecasts in Monday's results, ended at the 8 per cent lower volatility limit for the second day running with a fall of Dr236 to Dr2,722. The general index fell 11.70 to 793.31.

Written and edited by William Cochrane, Michael Morgan and Peter John

ASIA PACIFIC

Yen obsession leaves Nikkei at new 1995 closing low

Tokyo

Equities took back Monday's gains and the Nikkei index set a new closing low for the year, writes Brian Dutton in Tokyo.

The Nikkei 225 index closed down 231.51 at 16,245.82, its lowest close since November 1993, although the day's low of 16,199.20 compared with Monday's intraday nadir of 16,081.04.

The first section Topix index fell 15.07 to 1,305.10, while the Nikkei 300 index lost 3.01 to close at 240.82. Volume remained low, easing up from 283m shares to an estimated 300m. Declines outnumbered advances by 710 to 253 with 193 upshares by 11:00.

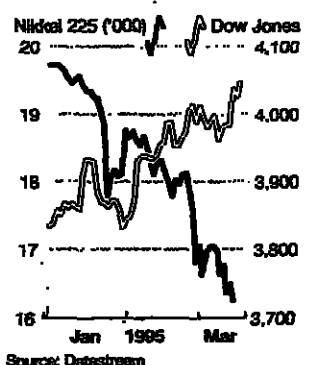
In London, the ISE/Nikkei 50 index rose 2.14 to 1,066.03. Mr Chris Newton of James Capel said that the fall was mainly currency-related. "The market is completely obsessed with the yen's movement, and we had another burst of yen appreciation today."

There was a large amount of cross-trading, brokers fixing book prices for accounting purposes as the fiscal year end approached. Cross-trading has been prevalent for several weeks, reflecting the belief that there is little short-term upside potential in the market. The continuing low volume and generally poor market conditions were factors in the weakness of brokerage stocks, as investors expected that even the large brokers might announce losses. Rumours of possible mergers in the sector also created uncertainty and depressed prices further.

Yamaichi Securities took a 6.5 per cent tumble, dropping Y37 to Y668. Daiwa Securities fell Y40 to Y1,010, Nikko Securities Y22 to Y935, and Nomura Securities Y30 to Y1,620.

There was selling pressure on construction stocks, particularly Fudo Construction, one of the main beneficiaries of the post-earthquake boom in the sector. It dropped Y90 to Y940, below the level at which many private investors bought. Sumitomo Construction, the day's most actively traded issue, dropped Y50 to Y677. High-tech issues suffered from foreign selling. Sony

Japan vs US



dropped Y110 to Y4,130, Pioneer Electric fell Y40 to Y1,940, and TDK lost Y80 to Y3,390. In Osaka, the OSE index closed down 113.22 at 18,249.23, in volume of 350.7m shares.

Roundup

Most regional markets drifted, waiting for fresh directions from US data later this week.

HONG KONG edged down in thin trade, the market offering little response to the withdrawal of two plots of government land from the afternoon's auction. The Hang Seng index eased 16.89 at 8,044.58 in turnover of HK\$1.4bn.

HSEC dropped 75 cents to HK\$79.35, while among property issues, Sun Hung Kai Properties fell 25 cents to HK\$50.50 and Hong Kong Realty A dropped 20 cents to HK\$12.60.

Utilities outperformed as investors switched from properties and financials which, said brokers, were still overshadowed by fears of another rise in US interest rates. Hong Kong Electric rose 35 cents to HK\$34.45, and Hongkong Telecom 5 cents to HK\$41.00.

BOMBAY shrugged off the Congress party setback in India's regional polls, closing higher in moderate speculative buying ahead of today's presentation of the central budget.

The BSE 30 index climbed 55.05 or 1.5 per cent to 3,465.13. Speculators had been heavy sellers on Monday following a setback for the Congress party in regional polls in Gujarat and Maharashtra, the most industrialised state in India.

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS													DOLLAR INDEX			
US Dollar	Day's Change	Pound Sterling	Yen	DM	Local Currency	% chg on day	Gross Div. Yield	US Dollar	Day's Change	Pound Sterling	Yen	DM	Local Currency			
Index	%	Index	Index	Index	Index	% chg on day	Yield	Index	%	Index	Index	Index	Index			
Figures in parentheses show number of lines of stock																
Australia (68)	163.08	1.0	151.83	98.01	119.15	145.28	0.8	4.09	161.45	151.36	93.12	113.73	144.04	188.88	157.45	171.04
Austria (16)	188.88	0.7	175.74	107.58	137.81	137.78	0.0	1.18	187.55	175.84	106.05	117.77	137.75	190.82	157.95	193.18
Belgium (28)	175.12	1.2	163.15	95.87	127.84	125.48	0.5	1.12	172.97	162.16	95.76	127.20	114.60	177.04	151.03	171.04
Brazil (28)	104.96	-0.6	97.81	59.88	76.70	169.87	-0.8	2.00	105.59	98.98	60.90	72.60	173.32	-	-	-
Canada (103)	128.38	0.0	118.01	73.22	94.80	131.31	0.4	2.66	128.38	120.33	74.03	104.10	120.54	135.49	125.48	147.00
Denmark (53)	256.65	0.1	226.11	145.37	187.50	197.78	-0.3	1.57	256.62	240.29	147.26	149.18	186.56	198.44	207.21	236.61
Finland (24)	191.46	1.1	189.07	103.50	132.59	167.76	7.0	1.44	179.56	168.34	103.58	126.05	168.14	201.41	133.68	149.95
France (101)	161.33	-0.7	150.48	92.12	118.01	127.20	-1.0	3.38	162.74	152.57	93.86	118.88	173.52	181.44	157.78	177.03
Germany (58)	149.10	0.8	136.51	85.03	108.93	108.03	0.2	1.86	147.84	136.80	85.27	102.31	135.24	154.34	154.34	154.34
Hong Kong (69)	330.03	1.4	307.47	188.22	241.12	327.58	1.4	4.04	325.32	304.98	187.83	238.24	222.97	416.42	277.40	404.47
Ireland (16)	206.34	0.4	192.24	117.88	150.75	183.37	0.0	3.61	205.65	192.71	118.55	161.15	183.30	217.10	177.56	191.34
Italy (58)	98.25	-2.6	85.59	36.99	48.87	86.09	-1.8	1.81	70.08	65.70	40.42	51.53	87.89	97.78	67.25	75.34
Japan (87)	146.88	1.0	136.84	83.77	107.21	83.77	-0.1	0.91	145.47	136.37	83.90	107.21	83.90	107.21	83.90	107.21
Malaysia (37)	146.06	-0.1	143.30	265.25	339.80	457.02	-0.1	1.72	146.34	139.28	288.39	342.21	457.45	594.76	398.18	416.00
Mexico (18)	778.33	4.1	726.25	444.58	589.52	5450.41	0.1	1.89	748.60	701.82	431.74	550.50	5442.87	2142.41	847.81	2167.10
Netherlands (18)	232.88	0.5	212.82	130.53	187.21	184.07	-0.3	3.71	227.78	213.53	131.38	167.49	165.09	226.41	191.28	208.74
New Zealand (14)	73.34	1.0	68.33	41.62	53.88	68.78	0.3	4.93	72.64	68.11	41.90	43.92	59.58	68.11	41.90	43.92
Norway (23)	205.04	0.7	191.03	116.94	149.80	178.22	0.5	2.24	203.58	190.81	117.59	148.87	174.17	222.03	171.53	196.74
South Africa (44)	350.03	0.1	328.11	188.83	252.74	228.41	-0.2	1.87	349.57	327.73	201.82	229.08	229.08	229.08	229.08	229.08
South America (29)	254.50	2.3	211.73	150.83	244.48	294.33	0.3	2.57	226.87	206.54	188.55	204.67	342.00	254.50	254.50	254.50
Spain (38)	124.81	-0.1	116.28	71.18	91.19	125.89	-0.2	4.63	124.88	117.08	72.03	91.19	125.89	124.81	124.81	124.81
Sweden (48)	234.22	-1.1	218.22	135.59	171.13	252.89	0.1	2.08	236.81	222.01	136.56	171.15	252.45	247.40	196.70	220.18
Switzerland (47)	172.89	0.6	161.15	96.58	136.38	126.48	-0.4	1.85	171.94	161.20	97.17	126.44	125.98	178.85	199.89	162.18
Thailand (48)	138.54	-0.5	134.42	78.16	87.57	128.28	-0.7	3.31	134.21	125.82	77.40	125.82	77.40	125.82	77.40	125.82
United Kingdom (204)	194.08	0.3	180.83	110.70	141.81	180.83	-0.3	4.46	193.41	181.53	111.55	142.81	180.83	180.83	180.83	180.83
United States (204)	200.69	0.1	186.78	114.34	146.47	200.49	0.1	2.83	200.26	177.74	115.50	147.27	200.26	200.58	181.11	197.85
America (881)	183.12	0.1	170.60	104.44	133.73	153.79	0.1	2.81	182.87	171.45	105.47	134.48	153.61	-	-	-
Australia (68)	163.08	0.1	156.23	96.86	124.06	144.00	-0.3	2.34	160.83	150.03	97.85	124.74	144.00	176.01	165.59	180.32
Brazil (28)	104.96	-0.2	100.40	53.68	68.84	202.86	-0.2	1.90	102.66	94.23	53.61	68.84	202.86	102.66	97.70	119.73
Canada (103)	128.38	0.5	124.08	74.03	94.80	124.08	0.5	2.66	128.38	120.33	74.03	94.80	124.08	128.38	120.33	74.03
Denmark (53)	256.65	0.8	245.00	145.37	187.50	197.78	0.8	1.57	256.65	245.00	145.37	187.50	197.78	256.65	245.00	145.37
Finland (24)	191.46	0.8	185.86	103.50	132.59	167.76	0.8	1.44	191.46	185.86	103.50	132.59	167.76	191.46	185.86	103.50
France (101)	161.33	0.2	152.42	92.12	118.01	127.20	0.2	3.38	161.33	152.42	92.12	118.01	127.20	161.33	152.42	92.12
Germany (58)	149.10	0.8	140.86	85.03	108.93	108.03	0.8	1.86	149.10	140.86	85.03	108.93	108.03	149.10	140.86	85.03
Hong Kong (69)	330.03	0.8	315.21	188.22	241.12	327.58	0.8	4.04	330.03	315.21	188.22	241.12	327.58	330.03	315.21	188.22
Ireland (16)	206.34	0.2	197.81	117.88	150.75	183.37	0.2	3.61	206.34	197.81	117.88	150.75	183.37	206.34	197.81	117.88
Italy (58)	98.25	-0.1	95.78	36.99	48.87	86.09	-0.1	1.81	98.25	95.78	36.99	48.87	86.09	98.25	95.78	36.99
Japan (87)	146.88	0.1	143.30	83.77	107.21	83.77	0.1	0.91	146.88	143.30	83.77	107.21	83.77	146.88	143.30	83.77
Malaysia (37)	146.06	0.1	143.30	265.25	339.80	457.02	0.1	1.72	146.06	143.30	265.25	339.80	457.02	146.06	143.30	265.25
Mexico (18)	778.33	4.1	726.25	444.58	589.52	5450.41	4.1	1.89	778.33	726.25	444.58	589.52	5450.41	778.33	726.25	444.58
Netherlands (18)	232.88	0.5	212.82	130.53	187.21	184.07	0.5	3.71	232.88	212.82	130.53	187.21	184.07	232.88	212.82	130.53
New Zealand (14)	73.34	1.0	68.33	41.62	53.88	68.78	1.0	4.93	73.34	68.33	41.62	53.88	68.78	73.34	68.33	41.62
Norway (23)	205.04	0.7	191.03	116.94	149.80	178.22	0.7	2.24	205.04	191.03	116.94	149.80	178.22	205.04	191.03	116.94
South Africa (44)	350.03	0.1	328.11	188.83	252.74	228.41	-0.2	1.87	350.03	328.11	188.83	252.74	228.41	350.03	328.11	188.83
South America (29)	254.50	2.3	211.73	150.83	244.48	294.33	2.3	2.57	254.50	211.73	150.83	244.48	294.33	254.50	211.73	150.83
Spain (38)	124.81	-0.1	116.28	71.18	91.19	125.89	-0.1	4.63	124.81	116.28	71.18	91.19	125.89	124.81	116.28	71.18
Sweden (48)	234.22	-1.1	218.22	135.59	171.13	252.89	-1.1	2.08	234.22	218.22	135.59	171.13	252.89	234.22	218.22	135.59
Switzerland (47)	172.89	0.6	161.15	96.58	136.38	126.48	-0.4	1.85	172.89	161.15	96.58	136.38	126.48	172.89	161.15	96.58
Thailand (48)	138.54	-0.5	134.42	78.16	87.57	128.28	-0.5	3.31	138.54	134.42	78.16	87.57	128.28	138.54	134.42	78.16
United Kingdom (204)	194.08	0.3	180.83	110.70	141.81	180.83	-0.3	4.46	194.08	180.83	110.70	141.81	180.83	194.08	180.83	110.70
United States (204)	200.69	0.1	186.78	114.34	146.47	200.49	0.1	2.83	200.69	186.78	114.34	146.47	200.49	200.69	186.78	114.34
America (881)	183.12	0.1	170.60	104.44	133.73	153.79	0.1	2.81	182.87	171.45	105.47	134.48	153.61	-	-	-
Australia (68)	163.08	0.1	156.23	96.86	124.06	144.00	-0.3	2.34	160.83	150.03	97.85	124.74	144.00	176.01	165.59	180.32
Brazil (28)	104.96	-0.2	100.40	53.68	68.84	202.86	-0.2	1.90	102.66	94.23	53.61	68.84	202.86	102.66	97.70	119.73
Canada (103)	128.38	0.5	124.08	74.03	94.80	124.08	0.5	2.66	128.38	120.33	74.03	94.80	124.08	128.38	120.33	74.03
Denmark (53)	256.65	0.8	245.00	145.37	187.50	197.78	0.8	1.57	256.65	245.00	145.37	187.50	197.78	256.65	245.00	145.37
Finland (24)	191.46	0.8	185.86	103.50	132.59	167.76	0.8	1.44	191.46	185.86	103.50	132.59	167.76	191.46	185.86	103.50
France (101)	161.33	0.2	152.42	92.12	118.01	127.20	0.2	3.38	161.33	152.42	92.12	118.01	127.20	161.33	152.42	92.12
Germany (58)	149.10	0.8	140.86	85.03	108.93	108.03	0.8	1.86	149.10	140.86	85.03	108.93	108.03	149.10	140.86	85.03
Hong Kong (69)	330.03	0.8	315.21	188.22	241.12	327.58	0.8	4.04	330.03	315.21	188.22	241.12	327.58	330.03	315.21	188.22
Ireland (16)	206.34	0.2	197.81	117.88	150.75	183.37	0.2	3.61	206.34	197.81	117.88	150.75	183.37	206.34	197.81	117.88
Italy (58)	98.25	-0.1	95.78	36.99	48.87	86.09	-0.1	1.81	98.25	95.78	36.99	48.87	86.09	98.25	95.78	36.99
Japan (87)	146.88	0.1	143.30	83.77	107.21	83.77	0.1	0.91	146.88	143.30	83.77	107.21	83.77	146.88	143.30	83.77
Malaysia (37)	146.06	0.1	143.30	265.25	339.80	457.02	0.1	1.72	146.06	143.30	265.25	339.80	457.02	146.06	143.30	265.25
Mexico (18)	778.33	4.1	726.25	444.58	589.52	5450.41	4.1	1.89	778.33	726.25	444.58	589.52	5450.41	778.33	726.25	444.58
Netherlands (18)	232.88	0.5	212.82	130.53	187.21	184.07	0.5	3.71	232.88	212.82	130.53	187.21	184.07	232.88	212.82	130.53
New Zealand (14)	73.34	1.0	68.33	41.62	53.88	68.78	1.0	4.93	73.34	68.33	41.62	53.88	68.78	73.34	68.33	41.62
Norway (23)	205.04	0.7	191.03	116.94	149.80	178.22	0.7	2.24	205.04	191.03	116.94	149.80	178.22	205.		